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SURVEY of Current Affairs

Government and Administration

Prorogation and Opening of Parliament 331
Ministerial Changes 333
Recent Legislation 334

External Affairs and Defence

Commonwealth Heads of Government Meeting 335
Britain and the United Nations 342
Britain and South Africa 343

Economic and Scientific Affairs

The Chancellor's Mansion House Speech 348
Venture Capital and Share Ownership 350
British Construction Overseas 351
Renewable Energy Sources 354
Science and Technology Report 355
Design and Innovation 356
Shorter Notes
British Shipbuilders 358; Effects of Compulsory Wearing of Seat Belts 358; Tourism 359

Social and Cultural Affairs

Shorter Notes
Agreement with Pakistan on Drug Misuse 360; English Heritage 360

Documentation 362

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GOVERNMENT AND ADMINISTRATION

Prorogation and Opening of Parliament

REVIEW OF THE LAST SESSION

The Queen's speech on the prorogation of Parliament, summarising the work of the session, was delivered to both Houses of Parliament by the Lord Chancellor on 30 October.[1]

The text of the speech (with references to *Survey of Current Affairs* coverage in parentheses) is as follows:

My Lords and Members of the House of Commons.

The Duke of Edinburgh and I were pleased to receive the State Visits of the Life President of Malawi in April and the President of Mexico and Señora de la Madrid in June. We were saddened by the devastation caused by the earthquake in Mexico in September, for which my Government provided prompt assistance.

We recall with much satisfaction the State Visit to Portugal in March. I have also visited Belize, and was in the Bahamas for the Commonwealth Heads of Government Meeting (see pp 335-42). *Our tour of Commonwealth countries in the Eastern Caribbean is still in progress.*

My Government welcomed the decision of the Maldives and of St Vincent and the Grenadines to become full members of the Commonwealth.

My Government have maintained Britain's contribution to Western defence, and enhanced the United Kingdom's own defences through improvements in equipment and in the regular and reserve forces. They have played a full part in the Atlantic Alliance, and promoted British and Western defence interests outside the NATO area (see pp 177-85).

My Government have continued to work vigorously for agreements on verifiable arms control and disarmament (see pp 103-4 and 228-30), *and to seek improved relations with the Soviet Union and Eastern Europe. They warmly welcomed the opening of talks in Geneva between the United States and the Soviet Union and fully support the United States' efforts to reach concrete agreements* (see pp 10-12).

My Government have signed the Treaty on the Accession of Spain and Portugal to the European Communities, and have signed and ratified the third Convention of Lomé (see pp 441-3, 1984). *An Act has been passed implementing the Fontainebleau Agreement on the future financing of the European Communities, including the correction of the British budgetary contribution* (see p 248, 1984).

My Government share the widespread public concern for the victims of the famine in Africa. They have continued to provide substantial emergency assistance both directly and through the European Community (see pp 18, 106-8 and 232-3).

My Government have continued fully to honour their undertakings to the people of the Falkland Islands, while taking positive steps to seek more normal relations with Argentina (see p 261). *The Sino-British Joint Declaration on Hong Kong was signed last December and an Act consequent upon its terms was passed* (see pp 18-19). *My Government have reached agreement with Spain on the implementation of the Lisbon statement concerning Gibraltar* (see pp 435-7, 1984).

My Government have supported efforts to restore the independence and non-aligned status of Afghanistan (see pp 14-16). *They have urged peaceful change in South Africa and the early independence of Namibia* (see pp 258-61 and 336-7).

My Government welcomed to the United Kingdom in June the Premier of the State Council of the People's Republic of China (see pp 185-6). *The great importance my Government attach to their relations with the countries of South-East and South Asia was marked by the Prime Minister's visit there in April* (see pp 150-3) *and by the visit here this month of the Indian Prime Minister.*

Members of the House of Commons.

I thank you for the provision which you have made for the honour and dignity of the Crown and for the public service.

My Lords and Members of the House of Commons.

My Government have maintained the policies necessary to bring down inflation and sustain economic growth. Inflation remains low, the output of the nation is at its highest level ever and continues to increase, as does the number of people in work.

Further steps have been taken to help the unemployed into jobs by extending the Youth Training Scheme and enlarging the Community Programme (see pp 116 and 124-8), *and in other ways, including a reform of the structure of national insurance contributions* (see pp 119-20).

[1] *Hansard*, Vol 84, No 172, cols 986-8.

To promote economic efficiency and encourage the spread of share ownership, not least among employees, my Government have continued their programme of returning state-owned businesses to the private sector (see pp 273-5), *including the successful public flotation of British Telecommunications* (see pp 453-4, 1984).

An Act has been passed to complete the transition of the Trustee Savings Banks to full private sector status and to permit wide public participation in their ownership (see p 19).

An Act has been passed to increase competition in the provision of local bus services in Great Britain and to enable the operations of the National Bus Company to be transferred to the private sector (see pp 78-80).

Legislation has been enacted to make further provision for the payment of grants to the National Coal Board (see p 254) *and to abolish the British National Oil Corporation* (see pp 129-30).

Legislation has been enacted to remove the statutory levy on cinema admissions, to provide for alternative financial assistance for film production and to reduce the regulatory burden on the film and cinema industries (see p 460, 1984).

An Act has been passed for the better protection of food and the environment (see p 81).

An Act has been passed to establish in England and Wales a Crown prosecution service independent of the police, and to enable time limits to be imposed on criminal proceedings (see pp 147-8).

An Act has been passed giving the right to vote at parliamentary and European Parliament elections to many British citizens resident abroad, and extending postal and proxy voting to electors who cannot reasonably be expected to vote in person (see pp 3-5).

Legislation has been passed to establish a comprehensive statutory framework governing the interception of communications (see pp 91-4).

An Act has been passed to deal with the problem of drunkenness at designated sporting events (see pp 243-4).

Considerable advance has been made in the consolidation of our statute law; provision has been made to apply international Conventions on child abduction (see p 254) *and for the administration of justice* (see p 334).

An Act has been passed to abolish the Greater London Council and the Metropolitan County Councils on 1 April 1986 and to transfer most of their functions to the borough and district councils (see pp 5-7).

In Northern Ireland, my Government have attached high importance to the maintenance of law and order (see pp 7-10 and 219-21). *They have continued the search for ways in which responsibility can be returned to a local administration on a widely acceptable basis* (see p 220). *They have sought to develop a solid working relationship with the Government of the Republic of Ireland* (see p 399, 1984).

For Scotland, measures have been passed to introduce a rebate scheme following rating revaluations (see p 255), *to establish trustee bodies to manage certain Scottish institutions, and to make a number of reforms in Scots law* (see pp 254 and 334).

Legislation has been passed to reform insolvency law in England and Wales (see pp 160-2), *and in Scotland.*

My Government have published proposals to improve the quality of school education (see pp 134-6), *the effectiveness of teachers* (see pp 135-6) *and the development of higher education into the next decade* (see pp 207-9).

My Government have conducted a fundamental review of the social security system and published proposals for radical reform (see pp 205-7).

In addition, my Government have protected the real value of the retirement pension and other related benefits (see pp 241-3), *and passed an Act to improve employees' rights under occupational pension schemes, and to extend statutory sick pay* (see pp 459-60).

PROGRAMME FOR THE NEW SESSION

The Queen's speech on the opening of the new session of Parliament – the third session of the forty-ninth Parliament of the United Kingdom – was delivered in the House of Lords on 6 November to members of both Houses. Among the legislation which the Government proposes to introduce are measures to privatise the British Gas Corporation and the British Airports Authority; to establish a new regulatory framework for financial services and to liberalise the law governing building societies; to reform the social security system; to modernise the law on public order in England and Wales and strengthen the powers of the police to combat disorder; and to provide powers in England and Wales to confiscate the proceeds of drug trafficking.[1]

The text of the speech, which outlines the Government's policies for the coming session, is as follows:

My Lords and Members of the House of Commons.

I look forward with great pleasure to receiving His Highness the Amir of Qatar, their Majesties the King and Queen of Spain and the President of the Federal Republic of Germany and Freifrau von Weizaecker on State Visits during the next 12 months.

I also look forward to paying a State Visit to Nepal in February, followed by visits to New Zealand and Australia, and to paying a State Visit to China and visiting Hong Kong in October.

My Government continue to attach the highest importance to the maintenance of national security and the preservation of peace with freedom and justice. They will continue to play a full and active part in the Atlantic Alliance and to enhance the United Kingdom's own defences. They will make vigorous efforts to combat international terrorism.

My Government will continue to work for progress in arms control and disarmament negotiations and for greater co-operation and trust between East and West.

My Government welcome the accession of Spain and Portugal to the European Community and will introduce the necessary legislation. Within the Community, they will work for improved decision taking, strengthened co-operation on foreign policy, early completion of the common market, improvements in world trade rules and reform of the Common Agricultural Policy.

[1] *Hansard*, Vol 86, No 1, cols 3-5.

While honouring their undertakings to the people of the Falkland Islands, my Government will continue to seek more normal relations with Argentina. They will also continue to discharge their obligations to the people of Hong Kong; and will propose provisions to implement the nationality arrangements arising from the Sino-British joint declaration.

My Government will work for peaceful and fundamental change in South Africa with the European Community and the Commonwealth: for the restoration of peace and stability in Lebanon: and for solutions to the conflict between Iraq and Iran and the Arab-Israel dispute. They will seek to restore an independent and non-aligned Afghanistan. They will support United Nations efforts for a settlement in Cyprus, and those of the Contadora Group to resolve the tensions in Central America.

My Government will give full support to the Commonwealth, and play a constructive role at the United Nations. They will maintain a substantial aid programme; play their part in the relief of famine and of other disasters; and encourage investment in developing countries.

Estimates for the public service will be laid before you . . . .

Within the framework of firm monetary and fiscal policies designed to secure a continuing reduction in inflation, my Government will do all in their power to encourage the growth of new jobs. Firm control of public expenditure will be maintained, with a view to diminishing its share of overall national output and facilitating further reductions in the burden of income tax.

My Government will pursue vigorously their programme of privatisation, as a means both of improving the efficiency of the industries concerned, and of encouraging wider share ownership. Measures will be introduced to permit the transfer of the assets of the British Gas Corporation to the private sector and to enable the Atomic Energy Authority to operate as a trading fund from 1 April 1986 with a capital structure and borrowing powers.

A Bill will be proposed to introduce private capital into the British Airports Authority, to require larger local authority airports to be formed into companies, and to regulate certain airport activities.

My Government will bring forward legislation to introduce commercial management to my naval dockyards, as a significant contribution to encouraging a commercial approach and securing value for money in spending on defence.

Legislation will be introduced to facilitate funding by the industry of agricultural research, advice and related services; and to implement European Community arrangements to protect areas of particular environmental sensitivity.

Measures will be introduced to establish a new regulatory framework for the financial services sector, which will enhance its efficiency and competitiveness whilst providing greater safeguards for the interests of investors, and to modernise and liberalise the law governing building societies.

Measures will be brought forward to reform the operation of wages councils, to make provisions concerning the payment of wages and to amend the law on sex discrimination in employment.

Legislation will be introduced to encourage the sale of public sector flats to their tenants and wider private sector involvement in the ownership and management of council housing and to improve the planning system.

For Scotland, Bills will be introduced to extend the rights of public sector tenants and to facilitate the private ownership of public sector housing stock, to improve legal aid arrangements, and to modify and extend the management structure of salmon fisheries, including further measures to combat illegal salmon fishing throughout Great Britain.

In Northern Ireland my Government will continue to support the security forces in enforcing the law and in working for the eradication of terrorism. They will seek widely acceptable arrangements for the devolution of power. They will seek to improve further their co-operation with the Government of the Irish Republic. Renewed efforts will be made to create and sustain employment, particularly by the encouragement of the private sector.

A Bill will be introduced to reform social security.

Legislation will be introduced for England and Wales to improve the management of schools and to promote the professional effectiveness of teachers.

Measures will be introduced to strengthen the powers of the police in combating disorder, to modernise and codify the common law public order offences in England and Wales and to provide the courts in England and Wales with power to confiscate the proceeds of drug trafficking and to penalise the handling of such proceeds.

A Bill will be introduced to remove statutory restrictions on shop opening hours.

A Bill will be brought before you to make new provision for the protection of animals used for experimental or other scientific purposes.

Other measures will be laid before you.

My Lords and Members of the House of Commons.

I pray that the blessing of Almighty God may rest upon your counsels.

Ministerial Changes

Further ministerial changes have been announced. These complete the recent round of ministerial appointments (see pp 287-8).

The new appointments are as follows:

House of Commons

Lord Commissioner of the Treasury (Government Whip)
Hon Timothy Sainsbury, MP (former Assistant Whip)

Assistant Whip
Hon Francis Maude, MP

House of Lords

Lord in Waiting (Government Whip)
The Viscount Davidson

Lady in Waiting (Government Whip)
The Baroness Hooper

For full list of government ministers, see *United Kingdom Government Ministers*, COI, No 61/85.

Recent Legislation

The following public Acts of Parliament were passed in October at the end of the parliamentary session.[1]

Administration of Justice Act 1985. Contains, among other things, measures to give greater protection against inadequate professional work by solicitors and to enable solicitors to incorporate; enables licensed non-solicitor conveyancers to undertake house conveyancing work; enables the Registry of County Court Judgements to be transferred to a private company; makes new arrangements for complaints relating to legal aid; reduces from six to three years the time limit within which actions for libel and slander must be started; and imposes a limit on the amount of damages recoverable in certain actions in Northern Ireland. Royal Assent: 30.10.85. Ch 61, ISBN 0 10 546185 7, HMSO, £6·70.

Bankruptcy (Scotland) Act 1985. Reforms Scottish law relating to sequestration and personal insolvency and other related matters. Royal Assent: 30.10.85. Ch 66, ISBN 0 10 546685 9, HMSO.

European Communities (Finance) Act 1985. Enables Britain to give effect to a May 1985 European Community decision on the Community's income which consists of levies on agricultural imports, customs duties, and the product of a notional rate of value added tax (VAT) levied on a Community-harmonised base at a rate not exceeding 1 per cent. The decision allows for the 1 per cent limit to be raised to 1·4 per cent from January 1986 and for the rate within the limit to vary between member states. Under the new system Britain's VAT contributions will be abated so as to reduce its net payments to the Community budget (see p 248, 1984). Customs duties and agricultural levies are not affected by the decision. Royal Assent: 30.10.85. Ch 64, ISBN 0 10 546485 6, HMSO, 40p.

Housing Act 1985. Consolidates the Housing Acts, except those provisions consolidated in the Housing Associations Act 1985 and the Landlord and Tenant Act 1985 and certain related provisions, to give effect to the recommendations of the Law Commission. Royal Assent: 30.10.85. Ch 68, ISBN 0 10 546885 1, HMSO.

Housing Associations Act 1985. Consolidates certain provisions of the Housing Acts relating to housing associations, with amendments, to give effect to the recommendations of the Law Commission and of the Scottish Law Commission. Royal Assent: 30.10.85. Ch 69, ISBN 0 10 546985 8, HMSO.

Housing (Consequential Provisions) Act 1985. Makes provisions for repeals, consequential amendments, transitional matters and savings in connection with the consolidation of the enactments in the Housing Act 1985, the Housing Associations Act 1985, and the Landlord and Tenant Act 1985. Royal Assent: 30.10.85. Ch 71, ISBN 0 10 547185 2, HMSO.

Insolvency Act 1985 (see pp 160-2). Royal Assent: 30.10.85. Ch 65, ISBN 0 10 546585 2, HMSO.

Landlord and Tenant Act 1985. Consolidates certain provisions of the law of landlord and tenant formerly found in the Housing Acts together with the Landlord and Tenant Act 1962, with amendments, to give effect to recommendations of the Law Commission. Royal Assent: 30.10.85. Ch 70, ISBN 0 10 547085 6, HMSO.

Law Reform (Miscellaneous Provisions) Scotland Act 1985. Effects improvements and removes anomalies over a wide area of Scottish law, including that relating to certain leases, other contracts and obligations, conveyancing, small claims courts, care of children, penalties for drug trafficking, crofting and valuation of sheep stocks. Royal Assent: 30.10.85. Ch 73, ISBN 0 10 547385 5, HMSO.

Oil and Pipelines Act 1985. Provides for the abolition of the British National Oil Corporation, as announced by the Government in March 1985 (see pp 129-30). Royal Assent: 30.10.85. Ch 62, ISBN 0 10 546285 3, HMSO, £2·80.

Transport Act 1985 (see pp 78-80). Royal Assent: 30.10.85. Ch 67, ISBN 0 10 546785 5, HMSO.

Water (Fluoridation) Act 1985. Clarifies the legal powers under which water may be fluoridated in England and Wales and restores the option of fluoridation to authorities in Scotland. Royal Assent: 30.10.85. Ch 63, ISBN 0 10 546385 X, HMSO.

Weights and Measures Act 1985. Consolidates certain enactments relating to weights and measures. Royal Assent: 30.10.85. Ch 72, ISBN 0 10 547285 9, HMSO.

[1] The prices of most of these Acts were not available at the time of going to press.

EXTERNAL AFFAIRS AND DEFENCE

Commonwealth Heads of Government Meeting

Commonwealth heads of Government met in Nassau, Bahamas, from 16 to 22 October. Among the topics discussed were world and Commonwealth political developments, in particular the situation in Southern Africa, international co-operation and the problems facing developing countries.

In addition to a final communiqué, the meeting issued separate documents on world order, Southern Africa and Commonwealth functional co-operation. Britain was represented by the Prime Minister, Mrs Margaret Thatcher.

Prime Minister's Statement

In a statement to the House of Commons on 29 October (*Hansard*, Vol 84, No 171, cols 817-18) Mrs Thatcher said that much of the meeting had been devoted to the problems of South Africa and the Commonwealth's role in helping to secure fundamental peaceful change there. United in their desire to find practical ways in which they could help secure that objective and unanimous in their abhorrence of apartheid, Commonwealth leaders had reached the agreement, endorsed by all 46 governments attending the meeting, set out in the Commonwealth Accord on Southern Africa. In the Accord, Britain and its partners in the Commonwealth had called upon the South African Government to establish a dialogue initiated in the context of a suspension of violence on all sides, with representatives of the black community with a view to establishing a non-racial and representative government. They had further agreed to set up a group of eminent Commonwealth persons to encourage and facilitate dialogue, and on a programme of common action which incorporated a number of measures that Britain was already taking, together with two new measures. The Accord represented a clear political signal of the need for rapid change and for the South African Government to end its illegal occupation of Namibia. (For a fuller account of the Accord and of Britain's policy on South Africa – see p 344.)

The heads of Government had also agreed on a number of other matters, including a declaration on world order reaffirming their support for the United Nations; a welcome for the report of the consultative group on the vulnerability of small states; the need for greater co-operation both to counter the international traffic in illicit drugs and to deny to those convicted of drug trafficking the proceeds of their crime; and the need for greater co-operation to prevent and combat terrorism.

The outcome of the meeting, Mrs Thatcher concluded, had demonstrated the capacity of the Commonwealth, despite widely varying initial views, to reach a sensible and realistic agreement acceptable to all governments. Its rejection of violence as a way to solve the problems of South Africa was of particular importance.

FINAL COMMUNIQUÉ

The text of the final communiqué, slightly abridged, is as follows:

In reviewing international developments since their last meeting,[1] *heads of Government were concerned by the continuing evidence of a decline in commitment to co-operative approaches to the ordering of global affairs. Meeting as they did while the General Assembly of the United Nations was marking the fortieth anniversary of the founding of the world body, heads of Government felt impelled to voice their concerns, and their hopes for the future, in their separate Nassau Declaration on World Order. Their views on a number of other important problems and issues are set out below.*

Disarmament

Heads of Government welcomed the reactivation of bilateral arms talks between the United States and the Soviet Union. They recognised that these negotiations would be significantly influenced by the forthcoming meeting in November between General Secretary Gorbachev and President Reagan, and stressed the importance of a constructive and positive outcome. They urged the two leaders to achieve their declared objective of preventing an arms race in space and terminating it on earth. . . .[They] *appealed to the two leaders to halt the nuclear arms race and begin without*

[1] New Delhi 1983 (see pp 411-18, 1983).

delay the process of reversing it through significant measures of nuclear disarmament. Most stressed in particular the need to prevent a new and uncontrolled arms race in outer space.

Recognising the significant contribution which the cessation of nuclear testing within the framework of an effective nuclear disarmament process would represent, they called upon nuclear weapon states to facilitate and pursue vigorously through the Committee on Disarmament the early resolution of outstanding problems, including the problem of verification, over a Comprehensive Test Ban Treaty. In the meantime most heads of Government stressed the need for earnest effort to be made for an immediate halt to the testing of nuclear weapons. Most heads of Government recalled the importance of the consensus declaration of the Third Review Conference of the Non-Proliferation Treaty [see pp 291-3].

Heads of Government expressed special concern that some countries might be involved in the actual or potential manufacture of chemical weapons, and urged that a global and verifiable agreement to ban the development, production, stockpiling and deployment of chemical weapons be achieved as soon as possible [see p 103].

Small States

Heads of Government welcomed the report Vulnerability: Small States in the Global Society *prepared by the consultative group set up following their New Delhi meeting. . . . They believed the report would help to increase international awareness of the link between the well-being of small states and wider concerns for peace and security, and that this would enlarge the possibilities for creative international responses. . . . [They] . . . stressed that action to reduce 'the vulnerability of these states should not diminish their status as independent, sovereign and equal members of the world community. Efforts should be directed at working for the realisation of a global environment safe for small states and conducive to their economic viability.*

Heads of Government welcomed the wide range of approaches suggested in the group's report directed at enabling small states to become more self-reliant both through their own initiatives and through bilateral and multilateral action. They also endorsed the report's emphasis on the increased potential for action at the regional level. Noting with approval that some governments had already established programmes of support for small states [see pp 295-6, 1984], *they urged continuing appraisal of these programmes in the light of the report. They also encouraged other governments in a position to do so to establish similar programmes. . . . In respect of immediate international action, they called on international financial institutions to pay due regard, in providing access to their resources, to the structural problems which impede economic diversification and which are compounded by the relatively higher* per capita *costs for installing and maintaining infrastructure including transportation, the latter being of particular significance to small island states. They commended the report's recommendations regarding graduation from IDA and the IBRD, and supported the view expressed in the report that 'relatively high* per capita *income levels give a distorted view of actual development achievement.*[1] *We regard it as extremely important that graduation should not be applied to small states until there is assurance of adequate availability of capital from other sources'. They stressed too the relevance of support for regional efforts to help overcome the problems emanating from small size. Recognising the inevitability of the relative openness of their economies and their susceptibility to external and internal shocks, they called also for early attention to the recommendations concerning favourable access to product markets and to international safety-net arrangements.*

Heads of Government stressed the particular problems being faced by small landlocked states in Southern Africa, especially at this time, and the need for increased assistance for domestic and regional efforts to overcome their transportation and other special problems. . . .

[They] *asked the Secretary-General to undertake appropriate action to follow up the report's conclusions and recommendations and . . . urged the need for a sustained Commonwealth-wide effort to ensure that maximum benefit is derived from it. . . . In addition, they called for a meeting of Commonwealth officials to formulate a programme of action to implement the recommendations and to press for international action where required. Heads of Government drew particular attention to the recommendations that the United Nations should strengthen its capacity to safeguard the security of vulnerable states and that the United Nations Secretary-General should play a more active role, in the spirit of Article 99 of the United Nations Charter, in responding to requests from a state feeling itself under military threat. . . .*

Southern Africa

Heads of Government, having set out in their separate statement 'The Commonwealth Accord on Southern Africa' [see p 344] *a united Commonwealth response to the continuing problem of apartheid in South Africa, also addressed the other major issues of the region. . . .* [They] *were gravely concerned that Namibia's independence had been further delayed. They considered the establishment of the so-called interim administration as null and void and renewed their call for the immediate implementation of Security Council resolution 435 (1978) which they reaffirmed as the only acceptable basis for bringing Namibia to independence* [see p 213, 1984]. *In accordance with this position, they again rejected attempts to delay Namibia's freedom by linking it to the withdrawal of Cuban troops from Angola. They also stressed that the policy of 'constructive engagement' had failed to end South Africa's intransigence over Namibia as well as over apartheid.*

Heads of Government recalled that in New Delhi they had agreed that if South Africa continued to obstruct the implementation of resolution 435, the

[1] The International Bank for Reconstruction and Development (IBRD) and its soft-loan affiliate, the International Development Association (IDA), fix a *per capita* income level for 'graduating' countries out of their lending operations. Many small states in need of development assistance have nevertheless a *per capita* income level which means they do not qualify for aid from these institutions. The report recommends that the World Bank and, in particular, the IDA, should adopt more flexible criteria and that no small states should be graduated from IDA unless there is assurance of adequate access to alternative sources of finance.

adoption of appropriate measures under the Charter of the United Nations would have to be considered. They also agreed that the action which they envisaged in their separate Accord on South Africa should be directed equally towards ensuring South Africa's compliance with the wishes of the international community on the question of Namibia.

Heads of Government recalled that when South Africa entered into pacts with Angola and Mozambique early in 1984 [see pp 80-2, 1984], *the hope had been expressed that they would lead to peace in the region. But far from breaking the cycle of violence, South Africa had continued to occupy Angolan territory and to launch attacks against that country. It had also continued its destabilisation programme against its neighbours as evidenced in its self-confessed active support for UNITA,[1] the Angolan rebel movement, and in the support given to the MNR,[2] the rebel movement in Mozambique.* [They] *again called for the immediate withdrawal of all South African troops from Angola and an end to all assistance to dissident movements in the region. They also called upon all states to do everything in their power to refrain from any actions which might entail support for or encourage South African attacks on or continued insurgency in these countries . . .* [and] *. . . condemned the South African regime's continued attacks on those neighbouring countries which have refused to enter into pacts with it. They especially deplored the brutal attack against Botswana, a Commonwealth country, in June 1985.[3] In this regard they expressed full support for Security Council resolution 568 (1985) which called for an end to all such acts of aggression and demanded that South Africa make full compensation to Botswana for the loss of life, injury and damage to property. . . .*

Cyprus

Heads of Government reaffirmed . . . their support for the independence, sovereignty, territorial integrity, unity and non-aligned status of Cyprus, and reiterated their condemnation and non-recognition of the unilateral declaration of independence by the Turkish Cypriot authorities in November 1983 [see pp 422-5, 1983]. *They declared that they would not recognise, and denounced, the subsequent measures designed to consolidate the secessionist state in the area of Cyprus which to their deep regret remains under foreign occupation. They noted with satisfaction that no other country besides Turkey had recognised or given assistance to the illegal entity . . .* [and] *stressed the importance of securing compliance with Security Council resolutions calling for the withdrawal of the unilateral declaration of independence and the continuation of the United Nations Secretary-General's mission of good offices, and, in particular, Security Council resolutions 541 and 550. They . . . expressed the hope that all parties would co-operate fully with him so that the negotiations could lead to a just and peaceful settlement in accordance with the Charter principles and United Nations resolutions on Cyprus. . . .*

[1] União Nacional para a Independência Total de Angola (National Union for the Total Independence of Angola).

[2] Mozambique National Resistance.

[3] On 14 June South African defence forces launched an attack against African National Congress targets in Gaborone, Botswana, in which 12 people were killed.

Belize

Heads of Government reaffirmed their full support for the efforts of the Government of Belize to maintain its territorial integrity and consolidate its independence in the context of the claims to a part of its territory by Guatemala. Noting positive indications of a shared desire to reach agreement, they urged the parties to pursue negotiations to achieve a lasting settlement at the earliest opportunity. They reaffirmed their readiness to co-operate in the search for a settlement and the mandate authorising the Secretary-General to convene the Commonwealth ministerial committee on Belize whenever necessary. They commended the continuing role of the British Government in helping to provide for Belize's security [see p 375, 1984].

Guyana

Heads of Government welcomed the constructive efforts underway to resolve the controversy arising from Venezuela's territorial claim to more than two-thirds of Guyana's territory. They noted that the Governments of both countries had referred the choice of means of settlement to the Secretary-General of the United Nations in accordance with the 1966 Geneva Agreement, and had pledged every assistance for his efforts. They were encouraged by the expressed determination of the two governments to reach agreement and their hopes for a peaceful settlement.

South Pacific

Heads of Government reaffirmed their support for the right of the peoples of the remaining non-self-governing territories of the South Pacific to self-determination and independence in accordance with the Charter of the United Nations. They stressed the need to secure the early independence of New Caledonia. They endorsed the call by the South Pacific Forum to all parties to engage in constructive dialogue for a peaceful and lasting resolution of New Caledonia's problems. While welcoming the fact that France had agreed to an act of self-determination to be held by the end of 1987 at the latest, they also expressed the hope that there would be a positive response to the call on it by the South Pacific Forum that prior electoral reform be undertaken; and that it clarify its announced intentions with regard to its military presence in New Caledonia.

[They] *expressed their belief that nuclear weapon-free zones, on the basis, among other criteria, of agreements freely arrived at among states of a region, could constitute an important disarmament measure. They welcomed the adoption of the South Pacific Nuclear Free Zone Treaty by the South Pacific Forum on 6 August 1985 at Rarotonga as an important step in global and regional efforts to prevent nuclear proliferation. They noted that consultations would be held on the draft protocols to the Treaty to enlist the support of nuclear weapon states for the Treaty and its protocols . . .* [and] *recognised that continued nuclear testing in the region by France was a major reason for the Forum's adoption of the Treaty. Most of them also expressed their strong opposition to the continuation of nuclear tests and to proposals to dump or store nuclear waste in the region.*

South-East Asia

Heads of Government noted with great concern the continuing tension in South-East Asia arising particularly from the armed conflict in Kampuchea which posed a serious threat to peace and security of the region as a whole and if left unchecked would lead to active intervention by major powers. They reaffirmed their support for the right of the people of Kampuchea to determine their own destiny free from foreign interference, subversion and coercion . . . [and] *. . . for the speedy withdrawal of all foreign forces from Kampuchea. They also agreed on the urgent need for a comprehensive political settlement which would ensure peace in the region. . . .*

As a further means of ensuring lasting peace and stability in the region, heads of Government noted with approval efforts being made towards the early establishment of a zone of peace, freedom and neutrality in the region, and urged all states to fully support these efforts.

Indian Ocean

Heads of Government noted the efforts made in the past two years towards agreement on the preparatory work for the long-delayed United Nations Conference on the Implementation of the 1971 Declaration of the Indian Ocean as a Zone of Peace. They emphasised the importance of the Conference in view of the continuing military presence of outside powers in the Indian Ocean against the wishes of most littoral and hinterland states . . . [and] *. . . reiterated the need to carry forward the preparations in order that the holding of the Conference could be made possible, with the participation of all concerned states, in the first half of 1986 as called for by the relevant United Nations General Assembly resolution in 1984.*

The Caribbean

Heads of Government noted with satisfaction the reduction of tension in the area, and the efforts to strengthen regional co-operation in the Caribbean and pledged their support for the region's collective efforts to accelerate development.

Central America

Heads of Government were gravely concerned by the continuing tension in Central America. At the New Delhi meeting they had noted with great concern the escalation of tensions which posed a threat to the peace and stability of the region with potentially dangerous consequences for international security. They stressed the urgent need to reduce these tensions and to achieve a lasting peace through dialogue and negotiations. Despite progress in some areas, the situation had not improved in major respects. In this context they expressed their continuing support for the Contadora Group's efforts to promote dialogue with the aim of finding lasting solutions to the region's problems and promoting its development. Believing that the Contadora Act of Peace and Co-operation in Central America of 7 September 1984 had significantly assisted the negotiating process [see pp 374-6, 1984], *they urged all states to refrain from carrying out, supporting or promoting political, economic or military actions which might aggravate the situation in the region, and particularly in Nicaragua, or impede the Group's efforts.*

Mediterranean

Heads of Government noted with concern the continuing dangerous situation of accumulation of forces in the Mediterranean region and the persistence of unresolved conflicts. They called for restraint and expressed the view that the prospects of reduction of forces and armaments in the region would be enhanced through a just and durable settlement to all the problems in the region. . . . [They] *noted initiatives being taken by various Mediterranean countries with the objective of transforming their region into a zone of peace, security and co-operation . . .* [and] *reaffirmed that security, co-operation and confidence-building in the Mediterranean and in Europe are closely interrelated. In this context, they noted with interest the results and decisions of the first meeting of Foreign Ministers of Non-Aligned Mediterranean countries held in Valletta, Malta, in September 1984, intended as a preliminary basis for further initiatives towards peace in the region.*

[They] *welcomed the reaffirmation by the Foreign Ministers of Non-Aligned Mediterranean countries at that meeting of their resolve to avoid the resort to force, or threat of force, in relations between them. They agreed to work actively to secure agreement on measures to reduce tension in the region.*

Middle East

Heads of Government noted with deep concern that the tensions arising from the unresolved problems of the Middle East, especially the Palestinian issue, continued to pose a grave threat to international peace and security. They stressed the need to intensify efforts to achieve a settlement on the basis of relevant United Nations resolutions, Israel's withdrawal from territories occupied since 1967 and recognition of the inalienable rights of the Palestinian people to a national homeland, as well as the rights of all states in the region to live in peace within secure borders. They hoped that the Jordanian-Palestinian agreement of February 1985 [see p 311] *would assist progress towards a framework for durable peace. Most heads of Government reaffirmed their view that the Palestinian Liberation Organisation, as the sole legitimate representative of the Palestinian people, must be involved on an equal footing in negotiations for a settlement.*

Heads of Government expressed their deep concern at the violence which continues in various areas of Lebanon and reaffirmed their support for the territorial integrity, independence and sovereignty of Lebanon and for the efforts of the Lebanese Government and people to restore stability and peace to their country.

Afghanistan

Heads of Government . . . renewed their call for an urgent search for a negotiated settlement, based on the withdrawal of foreign troops and full respect for the independence, sovereignty and non-aligned status of Afghanistan, and strict observance of the principles of non-intervention and non-interference, which would leave the Afghan people free to determine their own future. They also reaffirmed the right of Afghan refugees to return to their homes in safety and honour [see pp 14-16].

Terrorism

Heads of Government were deeply concerned at the growing incidence of terrorism world-wide . . . [and] *. . . condemned all terrorist activities whether perpetrated by individuals, groups or states, and resolved to counter them by every means possible. They in particular acknowledged the duty of governments to refrain from acts of, and encouragement to, terrorism in the territories of other states, and to resist the demands of terrorists, including demands for safe haven. They stressed the need for states to co-operate more closely in preventing and combating all forms of terrorism and promoting appropriate action through competent international organisations. They also agreed to strengthen their adherence to the relevant legal instruments, including those adopted under the auspices of the International Civil Aviation Organisation and the International Convention against the Taking of Hostages.*

They urged the media to exercise due care in reporting on all forms of terrorist activity so as to avoid giving unwitting support to terrorism.

Law of The Sea

[Most] *heads of Government . . . reaffirmed the importance they attached to the* [Law of the Sea] *Convention as an instrument of international co-operation and development and urged, as they had in New Delhi, that all states should accede to the Convention and proceed to the ratification process without unnecessary delay* [see pp 24-6, 1983].

World Economic Situation

Heads of Government expressed concern at the continuing difficult world economic situation and its impact on developing countries. They recognised that there were positive features such as the control of inflation and a recovery in output in most developed countries. However, they also noted that the recovery had generally slowed down. They were concerned at the fragility and unevenness of the recovery and its failure, so far, to benefit most parts of the developing world. In spite of progress made on some fronts, there were deep uncertainties about economic prospects. . . .

[They] *noted that the economic position of the vast majority of developing countries remained grave, especially in sub-Saharan Africa, with* per capita *incomes falling from levels which were already seriously inadequate. Balance of payments pressures, aggravated by falling commodity prices, onerous debt servicing obligations and reduced, or in some cases reverse, capital flows had imposed severe constraints on growth.*

Heads of Government stressed the mutuality of interest between developed and developing countries. They welcomed the growing recognition in industrial countries of the reality of interdependence, and of the need to broaden the basis of expansion through bolder, co-ordinated action. In this regard they noted the growing importance of the links between finance and trade. They also noted the view of leading developed countries that exchange rates should better reflect fundamental conditions than has been the case. They urged all countries, and particularly the major developed countries, to show greater concern for the repercussions of their policies on the developing countries. They recognised that the critical situation facing developing countries necessitated urgent action to improve the external environment – higher growth and a rollback of protectionist measures especially in industrial countries; lower interest rates; and significantly increased external assistance and foreign investment – as well as continuing efforts to improve their domestic economies. . . .

Heads of Government recalled the Statement on Economic Action which they had issued at New Delhi . . . [and] *. . . considered it important to develop an active dialogue on the functioning of the international monetary and financial system. In this context they noted that the spring 1986 meetings of the Development and Interim Committees* [of the International Monetary Fund (IMF)] *would provide an opportunity for in-depth examination of the relevant issues. . . .*

Financial Flows

Heads of Government noted the serious decline, since they last met, in financial flows to developing countries. There had been a substantial fall in multilateral official flows, bank lending, foreign investment and export credit, and stagnation in concessional flows. Net flows of resources to developing countries as a whole had become negative.

[They] *reviewed the developing country debt problem and acknowledged the continuing validity of the concern expressed in the report of the Commonwealth Expert Group on Debt. Despite action by banks, international financial institutions and governments to stabilise it, the situation remained precarious. They welcomed the report's detailed attention to the serious debt problems of many low-income developing countries, to which insufficient attention had been paid by the international community.*

Heads of Government emphasised the importance attached to the role of multilateral institutions in channelling resources to developing countries. They welcomed the growing consensus reflected at the Seoul meetings of the World Bank and the IMF on the need for these institutions to have a considerably enlarged role in supporting growth-oriented adjustment. They noted the proposals of the United States Administration in this regard, and looked forward to early elaboration of the details.[1] They called for a substantial general capital increase to permit the World Bank to fulfil the larger role envisaged for it. In the case of the small island economies this role should, in the prevailing economic circumstances, include a review of the graduation policy which has been progressively applied to those economies. In relation to low-income countries it was crucial to secure a substantially increased replenishment for IDA 8 [Eighth Replenishment – see p 265], *with strict respect for the timetable envisaged by the Development Committee.*

Heads of Government recognised the need for adjustment in countries drawing on IMF resources. They also acknowledged that in many cases adjustment had to take place over a longer period, with conditionality appropriate to the circumstances of the country concerned and the time period required. While closer co-ordination between the IMF and the World Bank was necessary, there was growing concern about

[1] At the Annual Meeting of the IMF and the World Bank in Seoul, South Korea, in October, the United States proposed a three-pronged approach to debt, involving comprehensive adjustment programmes for debtors supported by the continued central role of the IMF, increased World Bank lending and renewed commercial bank loans.

cross-conditionality; they emphasised the value of the Secretariat making a careful study of this issue as requested by finance ministers. Heads of Government welcomed the reactivation of the IMF Trust Fund and noted that further resources would be required for structural adjustment lending on similar concessional terms to low-income countries. They applauded the decision of India and China not to avail themselves of the Trust Fund, so permitting other low-income countries to benefit more from the limited resources available.

They also emphasised the Fund's surveillance role, and in particular the need for strengthening the Fund's surveillance of the economic policies of major industrialised countries. They agreed that a more equitable sharing of the burden of adjustment should be one of the principal aims of multilateral surveillance. They endorsed the view of the World Bank's Task Force that concessional resources were generally well used and that an increase in such flows was needed. They urged donor countries to redouble their efforts to increase concessional flows in line with internationally agreed targets and as far as possible to give priority in the distribution of such additional aid to low-income countries, particularly the least developed. They also emphasised the vital importance of private capital. In this connection they expressed appreciation of the Secretariat's practical work in relation to capital markets and foreign investment.

International Trade

They noted with concern that the benefits of the recovery in world trade had not been widely shared. Commodity prices had fallen, worsening the terms of trade of many commodity exporting countries. They regretted the lack of progress in the negotiation of international commodity agreements and in establishing the Common Fund [see p 329, 1982]. *They also called for improved access to the IMF's Compensatory Financing Facility to offset export earnings instability.*

[They] *noted with serious concern that, since they last met in New Delhi, there had been an alarming increase in protectionist pressures, an increase in trade barriers outside the GATT* [General Agreement on Tariffs and Trade] *and a proliferation of discriminatory trade practices. Protectionism was a grave threat to world economic growth and resumption of progress on trade liberalisation was urgently needed. Heads of Government therefore affirmed the importance of a new round of multilateral trade negotiations in the GATT in helping to restore confidence in the multilateral system and reverse protectionism. They noted the statement by the GATT contracting parties that a preparatory process on the proposed new round of multilateral trade negotiations had now been initiated and they looked forward to an early agreement on an agenda and timetable for the new round. They emphasised, however, that substantive progress would occur only if the interests of all participants receive adequate attention, and there is respect for the principles enshrined in the Tokyo Round. They urged that the large amount of preparatory technical work on new issues should not delay or prevent urgently needed progress on outstanding GATT mandates, notably those arising from the 1982 Ministerial Work Programme* [see pp 401-2, 1982].

Heads of Government believed that consultations among Commonwealth countries could assist their preparation for negotiations . . . and . . . asked the Secretary-General to . . . prepare a comprehensive paper on issues of concern to Commonwealth governments.

Sub-Saharan African Problems

Heads of Government paid particular attention to the multiple problems faced by sub-Saharan African countries, very many of whom were members of the Commonwealth. These problems were both short- and long-term and both external and internal. Heads of Government noted the comprehensive approach adopted by the Organisation of African Unity in the Declaration issued at its summit meeting in July. On internal policies, they noted the convergence of views, as reflected in the summit Declaration, and welcomed the determined measures already taken. They expressed satisfaction with national and international relief efforts [see pp 232-3] *and noted that more favourable weather had eased the immediate food crisis in many African countries. They emphasised that the region's long-term problems could not be solved without the application of appropriate agricultural technology and improved infrastructure. In addition, development of industrial and service sectors, as well as moderation of population pressures, were of vital importance in the promotion of balanced growth.*

[They] *noted that for domestic policies to work it was necessary to create a more favourable external economic environment and to increase the inward flow of resources. They stressed the problem of sub-Saharan African indebtedness, emphasising that it differed qualitatively from that of other regions. They called for urgent consideration of measures to ease the debt burdens of countries in sub-Saharan Africa. In this connection, most heads of Government endorsed the call of the Organisation of African Unity for a conference involving creditors, debtors and the international financial institutions to consider measures to ease the burdens of these countries. As an immediate step they stressed the necessity for additional concessional financing and increased flexibility in debt servicing arrangements.*

Heads of Government noted with special interest the report African Agriculture: Building for the Future *compiled by a Commonwealth Action Group . . . and . . . asked the Secretary-General to ensure that the Group's recommendations are implemented as speedily as possible. They requested Commonwealth agriculture ministers to follow up the report at their November 1985 meeting.*

Population and Development

Heads of Government noted the recommendations of the International Conference on Population in Mexico City in August 1984 [see pp 345-7, 1984] *. . . and . . . reiterated their continuing firm support for the agreed population programmes of the United Nations and other multilateral organisations. They felt that the Commonwealth should co-operate more actively with current national and international programmes. . . .*

Drug Abuse and Illicit Trafficking

Heads of Government were deeply concerned at the rising incidence of drug abuse and illicit drug trafficking that was seriously threatening the social fabric and

security of many countries. They recognised that it called for a wide range of responses, including urgent attention to problems affecting young persons and to the rehabilitation of its victims. They agreed that governments should co-operate, both to counter the international traffic in illicit drugs and to deny to those convicted of drug trafficking the proceeds of their crime, and looked to the early implementation of a scheme for enhanced co-operation between Commonwealth countries in this regard.

[They] *were also disturbed by the extent to which the profits made by drug traffickers were used in criminal and subversive activities, often across international borders. They invited Commonwealth law ministers to explore measures to counter this trend. While supporting the work of existing international organisations in the field of narcotics control, heads of Government welcomed the proposal of the United Nations Secretary-General for the convening of an international conference at a high political level in 1987 to deal with all aspects of drug abuse and trafficking and expressed the hope that action would be expedited on the related proposed new Convention* [see p 244].

Human Rights

Heads of Government reaffirmed the importance which all Commonwealth governments attach to the observance of human rights. They welcomed the recent establishment of a Human Rights Unit in the Secretariat and looked forward to its assistance in promoting understanding and respect for human rights within the Commonwealth, in accordance with the principles enshrined in Commonwealth declarations and the main international human rights instruments.

International Year of Shelter for the Homeless

Heads of Government expressed their appreciation of the initiative taken by the Government of Sri Lanka to focus attention on the needs of the homeless. They agreed on the need to give priority, consistent with national resources and policies, to efforts to improve the shelter and neighbourhood of the poor and disadvantaged people throughout the Commonwealth. As well as supporting international measures under the auspices of the United Nations, which has proclaimed 1987 as the International Year of Shelter for the Homeless, they invited the Secretary-General to explore the scope for complementary action in Commonwealth programmes of functional co-operation. . . .

THE NASSAU DECLARATION ON WORLD ORDER

In this separate declaration, the heads of Government reaffirmed their support for the United Nations, which celebrates the fortieth anniversary of its founding this year (see p 342), and expressed their concern at the drift in world affairs from internationalism to nationalism.

The United Nations was a system in which all should participate and from which all should benefit in a world where international co-operation was not an option but a necessity, they said. The conduct of relations between nations necessitated adherence to, and preservation of, certain accepted international norms and principles, a retreat from which increased the threat to the sovereignty, independence, unity and territorial integrity of states.

The heads of Government committed themselves and their nations to work tirelessly in pursuit of a world marked not by disorder and the use of competitive power, but governed by the principles of collective international co-operation and respect for the rights of all nations and peoples. They reaffirmed their commitment to the principles and precepts of the Charter of the United Nations and to the goal of strengthening the United Nations system as the central instrument of peace, security and co-operation among nations. Rejecting categorically the use or threat of force as a means of settling disputes, they appealed to all governments to strengthen the institutions which contributed to the orderly and peaceful resolution of differences.

The leaders reaffirmed their dedication to the principles of self-determination, non-racialism, human freedom and equality, and co-operation between nations in the service of international understanding and world peace, which had guided the Commonwealth throughout its evolution. Recognising the need for the world community to make better use of its collective resources to secure more equitable economic progress for all, the heads of Government further committed themselves to play a full part in revitalising international co-operation for development and concerted action to confront the crucial issues of international economic inequality.

Finally they called upon the world community to construct a framework of collective security based on mutual trust and shared interest. Since all nations had a stake in disarmament, the Commonwealth leaders looked for urgent agreement on reversing the arms race and on significant reductions, and eventual elimination, of nuclear and other weapons of mass destruction.

COMMONWEALTH FUNCTIONAL CO-OPERATION

In a separate communiqué, heads of Government welcomed the progress made in the various areas of functional co-operation which 'represented a vital aspect of their collective endeavours and gave practical expression to the Commonwealth spirit of partnership'. The work of the Commonwealth Fund for Technical Co-operation, and its reputation as a technical assistance agency, were noted, as were its assistance to countries in the field of debt management and its contribution to longer-term solutions to the economic problems of sub-Saharan Africa.

A report from a working group on the implications of technological changes for employment and labour was welcomed, and further activities in this area of study were endorsed. Serious concern was registered with the levels of unemployment and underemployment in member countries, particularly among young men and women. Heads of Government welcomed the establishment of the Commonwealth Industrial Training and Experience Programme, which would provide a facility for training in the use of emerging technologies.

The Commonwealth's commitment to achieving the full participation of women, as both agents and beneficiaries, in the process of development, was stressed,

heads of Government directing that ministerial meetings should as a matter of general practice address development issues of particular concern to women. Continuing support was pledged for the work of the Commonwealth Youth Programme and for its concern that there should be genuine participation by youth in the activities of their communities and countries. Heads of Government reaffirmed the importance they attach to student mobility, because of its value for individuals, for the development of member countries and for the future of the Commonwealth, and agreed to examine measures to reverse declining trends and restore growth in this area.

The work of the Commonwealth Science Council in fostering scientific and technological co-operation among member countries was noted, as were the activities of the Commonwealth Foundation in promoting understanding and in its increasing capacity to assist socio-economic development. Heads of government agreed that in order to maintain its present level of operation, its income should be set at some £1·54 million for 1986-87 and £1·61 million for 1987-88. They also noted the continuing work of non-governmental organisations in the Commonwealth and expressed appreciation of their contribution to social and economic progress in member countries as well as to the links between Commonwealth countries and peoples which are important to the future of the association.

For further information on Britain's participation in Commonwealth affairs, see COI reference documents, *Britain and the Commonwealth*, No 107/85 and *Commonwealth Heads of Government Meeting 1985*, No 123/85.

Britain and the United Nations

Britain's support for the United Nations was reaffirmed by the Prime Minister, Mrs Margaret Thatcher, in a speech to the General Assembly on the occasion of the organisation's fortieth anniversary in October.

Prime Minister's Speech

The Prime Minister pointed out that the work of the United Nations over the past 40 years had been fruitful since it had acted as a court of world opinion and no government could afford to neglect or ignore its views. For all its dangers the world was safer and more orderly because of the organisation's existence. The Security Council was a forum for managing both the unexpected crisis and the stubborn problem, while the General Assembly provided a setting where the voice of any member country, however small, could be heard. The Secretary-General was an impartial and skilled negotiator in whom Britain had total confidence and trust. The United Nations had also shown that it was a force for action: it could help to keep the peace by setting the stage for negotiations, as with the 1967 resolution 242 on the Middle East; by acting as the catalyst to persuade those in dispute to prefer negotiation to confrontation; and by pursuing its peacekeeping role. Without United Nations peacekeeping forces, local conflicts would have spread and the toll of death and the flood of homeless would have been even greater. In addition, the United Nations' specialised agencies which had concentrated on the elimination of disease, caring for the needs of children, and feeding and sheltering refugees deserved the thanks of all member states.

Correcting Shortcomings

Stressing the need to make the United Nations more effective by recognising its shortcomings and putting them right, Mrs Thatcher said that there had been many disappointments. Although the world had been spared the ultimate horror of another world war, many millions of people had been killed, maimed or made homeless in over 140 lesser conflicts since 1945. Moreover, basic human rights such as freedom of speech and opinion, freedom from arbitrary arrest and freedom from torture were not observed across the world. There was no lack of rules and standards since these were all present in the United Nations Charter and in the Universal Declaration on Human Rights. 'The problem is that some governments blatantly disregard these standards because human rights have no place in their political system.'

The Prime Minister said that United Nations resolutions had not always been objective, that some had been guilty of double standards, and that judgement had been passed on countries not on the merits of the case but because it was easy to find a majority against them. Other countries deserving censure had been protected through sheer political expediency; although South Africa was properly condemned for its degrading refusal of basic human rights to black people, there were no resolutions on the treatment of Jewry in the Soviet Union.[1] Mrs Thatcher added: 'If the majority in the United Nations wants to influence the government of a particular member, it must not offer rhetoric and abuse but encouragement where steps are taken in the right direction. I refer in particular to South Africa, where there is a sense that the time for change has come. Provided that negotiations are accompanied by a suspension of violence by all sides, I believe that there is a chance of progress . . . which will allow all the people of South Africa, of whatever colour or creed, to play their rightful part in the government of their country in conditions of prosperity and peace' (see pp 343-7).

On the question of terrorism, the Prime Minister said that the United Nations had not yet shown the capacity to deal effectively with it and that some member countries harboured and trained terrorists or seemed ready to support terrorism in preference to peaceful negotiation. This was an utter betrayal of the United Nations Charter.

Referring to various criticisms made of the United Nations, the Prime Minister said that, although it could be described as a kind of world parliament, it was not and never could be a government of the world, for its structure limited what it could do. When member states talked about shortcomings, they needed to look

[1] Many thousands of Soviet Jewish citizens have been deprived of their rights, their jobs and, on occasions, their freedom, because they have applied to emigrate. In 1984 only 900 Soviet Jews were allowed to leave; the large-scale emigration of Jews began in 1970 and reached its height in 1979 when 51,300 were allowed to leave the country. In the first six months of 1985 there were a number of arrests and sentencing of people wishing to teach Hebrew.

at themselves since the United Nations was only a mirror reflecting an uneven, untidy and divided world. The task after 40 years was to rediscover the hope and resolve that characterised the founding of the United Nations. Member states had to recognise that in most circumstances the power of international organisations was that of persuasion and not coercion. 'The United Nations cannot and should not try to dictate detailed solutions to countries involved in disputes. Only the parties themselves can reach agreements, whether they be the Soviet Union and the United States, the Arabs and the Israelis, or white and black in South Africa.' In addition it was not enough to agree on words or take refuge in deliberate ambiguity, since no lasting solution would be achieved by saying one thing and meaning another or by getting a majority for a resolution only because the words were capable of meaning different things to different nations. Member states had to decide what they meant, and say so.

Member states, concluded Mrs Thatcher, had a duty to maintain the effectiveness and efficiency of the whole United Nations system and the work of the specialised agencies needed to deal with technical matters rather than be sidetracked into political issues, as had been the case with UNESCO (see pp 52-4, 1984, and p 232). A lot more could be done through the United Nations, for international action was required to end the drugs trade (see pp 244-5) and terrorism (see pp 257-8) since these were problems against which national efforts alone were not enough.

For further information on Britain and the United Nations, see pp 230-2 and COI reference paper, *Britain and the United Nations after Forty Years*, No 266/85.

Britain and South Africa

Britain has reaffirmed the need to bring about an end to the apartheid system and to promote a non-violent solution to the problems of South Africa, and, in concert with other members of the Commonwealth, has called for a political dialogue between the South African Government and representatives of the black community in the context of a suspension of violence on all sides.

Following the issue of the Commonwealth Accord on Southern Africa (see p 344) at the heads of Government meeting in Nassau on 20 October (see p 335), Britain's views were set out by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, in a debate in the House of Commons on 23 October (*Hansard*, Vol 84, No 167, cols 300-45).

PARLIAMENTARY DEBATE

Foreign and Commonwealth Secretary's Speech

Sir Geoffrey said that, in common with its partners in the Commonwealth and the European Community, Britain shared a total abhorrence and loathing of apartheid and wished to see fundamental peaceful change in South Africa at the earliest possible date. The first and most important step to open the road to full and equal participation by black people in the government of their country was to promote a political dialogue within South Africa between the Government and representatives of the black community. If that dialogue was to succeed, there needed also to be an end to violence by all sides in South Africa, a requirement which applied both to the law enforcement techniques of the South African Government and to the activities of the African National Congress (ANC). Calling upon the ANC to declare its willingness to suspend violence to help create an atmosphere in which a political dialogue could succeed, Sir Geoffrey said that a declaration of this kind would be well received by the international community.

Reform

Britain had aimed consistently to strengthen and support the process of peaceful change, he continued, but could not force this change on South Africa from outside. Only the South African Government could take the necessary further steps towards establishing a democratic, non-racial, truly representative system of government in that country. Furthermore, it was more likely to be willing to take such steps if Britain on its side was willing to acknowledge what it had done so far.

Important steps had already been taken. The Mixed Marriages Act, the Political Interference Act[1] and section 16 of the Immorality Act had been repealed. Almost all job reservations had been removed and forced removals of people had been suspended. In addition, abolition of influx control and the pass laws had been recommended to the President by his advisory council. Leasehold and freehold rights were to be extended to urban blacks and common citizenship for all South Africans was to be restored. The South African Government had stated its willingness to share decision making with all communities and to negotiate with black political leaders. These changes were not before time and more needed to be done.

Since it was the South African Government whose attitude and ideas Britain sought to influence, nothing could be less constructive in the present situation than disengagement. External economic or trade boycotts, which Britain rejected, so far from supporting and encouraging the process of peaceful change, would only encourage the South African Government to retreat from reform and to entrench itself behind the ramparts of apartheid.

Sanctions

There was a distinction to be made, Sir Geoffrey continued, between the impact of external pressures dictated in a mandatory fashion from outside, and the impact of market forces. There was no doubt that changes were taking place in South Africa as a result of the impact of economic judgments being made in the world. They were judgments which were recognised as something to which the South African Government had to respond because they were a direct consequence of its policies and were not judgments imposed by force and coercion.

[1] Legislation which stated that political parties had to be racially exclusive.

Governments within the European Community and the Commonwealth had increasingly come to recognise that what was needed was not punitive sanctions, but plain political signals, properly spelt out. This was the approach, which had already served to consolidate a united position within the European Community, that Britain had brought to the Commonwealth heads of Government meeting at Nassau. There had been widely differing positions to be reconciled as to the best way to achieve the goal of fundamental peaceful change, Sir Geoffrey emphasised, but after an intensive series of discussions, in which Britain had played a major part, agreement had been reached. In the Accord on Southern Africa, endorsed and welcomed by every member state, a united Commonwealth had sent a clear political signal to South Africa.

The Accord called upon South Africa to take action to dismantle apartheid, to end the state of emergency and to release Mr Nelson Mandela and others in detention, steps which Britain had strongly urged on the South African Government. It was based, emphasised Sir Geoffrey, firmly in the context of the renunciation of violence on all sides, without which there was no chance of a successful dialogue in South Africa. It also provided for the setting-up of a group of eminent Commonwealth persons with the task of encouraging such a dialogue.[1] The Commonwealth, however, was not seeking to prescribe the form of political settlement in South Africa since this was for the people there as a whole to determine.

Referring to the programme of common action, outlined in the Accord, Sir Geoffrey said that this added two new measures to those already agreed between Britain and its European Community partners[2] – no further import of krugerrands and no government funding for trade missions, fairs and exhibitions to South Africa. British exporters would remain free to exercise their commercial judgment on trade with South Africa. The measures were not economic and trade sanctions which would affect that freedom, since they were a very long way from mandatory sanctions to which Britain remained firmly opposed.

Opposition Views

Drawing attention to the recent unrest which had taken place within South Africa, the Opposition foreign affairs spokesman, Mr Denis Healey, said that what was needed now and what the whole world was asking for, was a policy of constructive disengagement from South Africa. While the Government remained opposed to sanctions and maintained that they would hurt the black community most, the overwhelming majority of blacks in South Africa had through their own representatives called upon the outside world to apply them. Sanctions were supported by all the black trade unions, by Bishop Tutu [the Anglican Bishop of Johannesburg] and even by those front-line states which could be expected to suffer when they were applied. Many groups within South Africa, including Afrikaans- as well as English-speaking businessmen, were not only calling for an end to apartheid, but were engaged in talks with the ANC. Only a dialogue between the South African Government and the ANC had any hope of bringing an end to the tragedy. This dialogue would not come about without effective and real pressure, exerted above all by Britain. Unless in six months time [the period set out in the Accord, at the end of which the representatives from seven Commonwealth countries will meet to review the situation in South Africa – see p 345] the Government joined the rest of the world in effective action against apartheid, Britain would carry a great responsibility for the bloodshed and anarchy that would inevitably engulf the whole of South Africa.

The Liberal spokesman on foreign affairs, Mr Alan Beith, said that only the ultimate grant of full political rights to all its people could bring the cycle of violence in South Africa to an end. In recent months sanctions exercised by banks and other international organisations, and dictated primarily by commercial considerations, had led to a degree of vulnerability in the South African economy and political system. In these circumstances it was important that governments made it clear that the pressure for change was both commercial and political. Mr Beith criticised the Government for failing to take the lead at the Nassau conference in advocating specific measures against South Africa which would have had an immediate effect. The significance of the package of measures which had been agreed at the conference, and its intended signal to South Africa, had been destroyed by the Government's insistence that Britain's movement on the issue had been small.

THE COMMONWEALTH ACCORD ON SOUTHERN AFRICA

In the Accord, issued on 20 October, Commonwealth leaders declared that they considered South Africa's continuing refusal to dismantle apartheid, its illegal occupation of Namibia and its aggression against its neighbours, as a serious challenge to the values and principles of the Commonwealth, which they could not ignore. They were united in the belief that reliance on the range of pressures on the South African Government adopted in the past had not resulted in the fundamental changes sought. The growing crisis and intensified repression in South Africa meant that apartheid had to be dismantled now if a greater tragedy was to be averted and that concerted pressure had to be brought to bear to achieve that end. They therefore called upon the South African authorities to take the following steps as a matter of urgency:

1 to declare that the system of apartheid would be dismantled and specific and meaningful action taken to achieve this;

2 to terminate the existing state of emergency;

3 to release immediately and unconditionally Mr Nelson Mandela and all others imprisoned and detained for their opposition to apartheid;

4 to establish political freedom and specifically lift the ban on the ANC and other political parties; and

[1] On 1 November, it was announced that Lord Barber, a former cabinet minister, would be the British nominee to the group.

[2] These measures include a rigorously controlled embargo on exports of arms and paramilitary equipment to, and on imports of such equipment from, South Africa; no military collaboration, including the recall of military attachés accredited to South Africa and a refusal to grant accreditation to military attachés from that country; the cessation of exports of sensitive equipment destined for South Africa's police or armed forces; no collaboration with South Africa's nuclear programmes; an end to oil exports to South Africa; the discouragement of cultural and scientific agreements except where these contribute towards the ending of apartheid or have no possible role in supporting it; and the freezing of official contacts and international agreements in the spheres of sport and security.

5 to initiate, in the context of a suspension of violence on all sides, a process of dialogue across lines of colour, politics and religion, with a view to establishing a non-racial and representative government.

The leaders agreed a number of measures designed to impress on South Africa the compelling urgency of dismantling apartheid and erecting the structures of democracy in South Africa, an aim which demanded a process of dialogue involving the true representatives of the majority black population. They recognised that the forms of political settlement in South Africa were for the people of that country to determine, but to assist the process they decided to establish a small group of eminent Commonwealth persons to encourage through all practicable ways the evolution of political dialogue. The leaders of Zambia, Australia, Bahamas, Britain, Canada, India, and Zimbabwe were asked to assist in this process.

Commonwealth leaders also agreed on a programme of common action which included a declaration of the Commonwealth's support for the strictest enforcement of the United Nations mandatory arms embargo against South Africa and a reaffirmation of the Gleneagles Declaration of 1977, which called upon members to take every practical step to discourage sporting contacts with South Africa. Furthermore, they agreed upon, and commended to other governments, the adoption of the following economic measures:

1 A ban on all new government loans to the Government of South Africa and its agencies;

2 A readiness to take unilaterally what action may be possible to preclude the import of krugerrands;

3 No government funding for trade missions to South Africa or for participation in exhibitions and trade in South Africa;

4 A ban on the sale and export of computer equipment capable of use by South African military, police or security forces;

5 A ban on new contracts for the sale and export of nuclear goods, materials and technology to South Africa;

6 A ban on the sale and export of oil to South Africa;

7 A strict and rigorously controlled embargo on imports of arms, ammunition, military vehicles and paramilitary equipment from South Africa;

8 An embargo on all military co-operation with South Africa; and

9 The discouragement of all cultural and scientific events except where these contribute towards the ending of apartheid or have no possible role in promoting it.

These measures, it was hoped, would help to bring about concrete progress towards the Accord's objectives within a period of six months. Those heads of Government mentioned (see p 344), or their representatives, would then meet to review the situation. If in their opinion adequate progress had not been made, the adoption of further measures would be considered. Some leaders agreed that they would then consider the following steps: bans on air links with South Africa, on the import of agricultural products from South Africa, on the promotion of tourism to South Africa, on government contracts with majority-owned South African companies, on all government procurement and on new investment or reinvestment of profits earned in South Africa; and the termination of all government assistance to investments in, and trade with, South Africa.[1]

Finally, it was agreed that if all the above measures failed to produce the desired results within a reasonable period, further effective measures would have to be considered.

BACKGROUND

Recent Disturbances

Continuing civil unrest due to dissatisfaction with the apartheid system in South Africa has been marked by a series of disturbances in black townships over the past year, involving clashes between black people and the South African police and defence forces in which nearly 800 people have lost their lives. On 20 July the Government declared a state of emergency in certain parts of the country and, although this was lifted in six magisterial districts in October, it was later extended to the Western Cape area, following incidents of violence and rioting there. Over 5,000 people are understood to have been detained without trial since July, at least 1,000 of whom are still being held.

As the situation in South Africa has deteriorated, groups of South Africans, including businessmen and members of the opposition Progressive Federal Party, have travelled to Lusaka for talks with the banned ANC on the problems facing South Africa. In the case of planned negotiations between Afrikaner student leaders from the University of Stellenbosch and members of the ANC, the Government withdrew the students' passports in order to prevent the meeting. It also condemned a proposed meeting between seven clergymen and the ANC saying that it would amount to a 'provocation of the authority of the state.'

In the face of an ever-increasing cycle of violence as daily clashes between black people and the security forces continued, President Botha announced on 1 November a nationwide extension of the indemnity which protects the security forces and Government from prosecution for actions taken in the carrying out of their duties in terms of emergency regulations. (This indemnity had previously been limited to the 38 magisterial districts under the state of emergency.) He also announced new emergency restrictions on television, press and radio reporting of unrest in South Africa, which came into force on 2 November. The main effect of the new measures is to ban all film or sound coverage of unrest in any of the areas under the state of emergency without permission of the police. These curbs were widely condemned by media organisations and Sir Geoffrey Howe commented in a television interview on 1 November that action of this kind did not deal with the substantive causes of the problem in South Africa.

The Apartheid System

The ruling National Party came to power in 1948 and, building on previous legislation, legalised a system of racial discrimination known as apartheid, or separate development, in which the people of South Africa are classified according to their racial origins. In recent years a number of reforms have been made to the system, but these have not dealt with the principal

[1] During the debate on Southern Africa (see p 343), Sir Geoffrey Howe said that Britain was not committed to any of the further steps that other governments had agreed to consider.

issues of black political rights and the abandonment of the concept of separate development.

New Constitution

Black people, who form the majority of the population in South Africa,[1] are not represented in the South African Parliament and from 1970 there were no arrangements for parliamentary representation of any of the groups not classified as white. Under the new constitution which came into force in 1984, however, whites, coloured people and Indians elect, on the basis of universal adult suffrage but separate voters' rolls, representatives to separate chambers of one parliament. Each group has responsibility for its 'own affairs', although important matters of state, including the national budget, foreign affairs and defence, are controlled by a cabinet for 'general affairs' which has a white majority.

Homelands

Central to the concept of apartheid is the homelands policy under which black people are not considered permanent citizens of South Africa but rather of one of ten 'homelands' to which each tribal group is assigned. Four of the homelands have become 'independent', a status that is not recognised by any other country apart from South Africa. It was originally intended that all the homelands would become 'independent' with black constitutional representation being available only through them, and that eventually there would be no black South African citizens. Leaders of some of the non-independent homelands, however, while willing to accept powers of limited regional self-government, are opposed to independence and loss of South African citizenship.

The early concept of the homelands, therefore, has had to be modified. Roughly half of South Africa's black population lives outside the territory of the homelands, with which many black people (particularly the urbanised and better-educated) feel no affinity. The South African Government has recognised that it will not be possible to accommodate the political aspirations of urban blacks through the homeland structures and that black urban dwellers within 'white' South Africa constitute permanent communities. In September, President Botha announced that the South African Government was prepared to negotiate on the restoration of South African citizenship to people living within the borders of the four 'independent' homelands. This citizenship was taken away when the four homelands became 'independent'.

Local Government

Legislation was passed in 1983 to enable the establishment of elected black local authorities. These authorities, with very limited powers, are seen by black people as being identified with the South African Government and they have been elected on very low polls. Many councillors have resigned as a result of the continuing unrest and some have lost their lives.

Resettlement and Property Rights

Various legislation exists, principally homelands legislation, the Group Areas Act and the Black (Urban Areas) Consolidation Act, which effectively requires all groups – blacks, coloureds, Indians and whites – to occupy their own designated group areas in the republic. Forced removals have involved much human suffering. Between 1950 and 1983 some 125,000 families were removed under the Group Areas Act (82,850 coloured, 39,800 Indian and 2,300 white families). Similarly, an estimated 2·5 million black people were removed to the homelands or land earmarked for consolidation into the homelands between 1960 and 1982. About a fifth of these were removed as part of a process of eliminating 'black spots', that is black freehold land outside the homelands purchased before 1913 (see below). In 1985 this policy was suspended pending a review of the resettlement programme.

Since 1913 black people have not been permitted to acquire the freehold of land outside the homelands. Since 1978, however, those with residence rights under the Black (Urban Areas) Consolidation Act have been able to acquire houses in black urban areas outside the homelands on the basis of a 99-year lease which in 1983 was made transferable to heirs with residential rights. More recently, the South African Government has indicated its willingness to negotiate with black leaders concerning the grant of property rights to black people in certain areas outside the homelands.

Restrictions on Movement

Legislation restricts the movement of black people and makes it an offence for those aged 16 or over not to be in possession of their reference books or 'passes' which contain details about work authorisation and place of work, in addition to ethnic classification. In 1983 over 260,000 arrests were made for pass law offences and in 1984 over 163,000 such arrests occurred. Until recently, the most important restrictions decreed that no black person could remain more than 72 hours in an urban or prescribed area unless he or she had resided there since birth or worked continuously for any employer for ten years; legislation passed in June, however, altered this to allow blacks to change their employer during the ten-year period without losing their residence rights.

Other Features

Until recently the apartheid system provided for the restriction of certain work to particular racial groups. Almost all job reservations have been removed, however, and black workers now have the same trade union rights as all other workers.

There are separate education systems for each of the main racial groups, although there is some integration in some universities. In 1983-84 just over half the education budget went to whites, 30 per cent to blacks, 12 per cent to coloured people and 5 per cent to Indians. Although funds for black education have increased since the 1970s, there are particular problems such as under-qualified teachers, underequipped schools and high pupil-teacher ratios. Black education outside the homelands is controlled by whites.

Another feature of the apartheid system, the legislation forbidding marriage or sexual relations between whites and members of other racial groups, was repealed in 1985.

In the 1950s legislation provided for discretionary and compulsory segregation in public facilities. In

[1] There are nearly 23 million blacks, 4·5 million whites, 2·8 million coloureds and 870,000 Indians.

recent years the South African Government has favoured the dropping of 'petty apartheid' in the use of public amenities; local authorities are being left to decide what individual policies to pursue, conditions varying in different towns and cities throughout the country. Much of the more rigid segregation of facilities has fallen away.

Direct legislative barriers to mixed sport and interracial socialising at sports events have been lifted. A *de facto* apartheid, however, still persists in much of South African sport largely due to the development in earlier years of separate sporting structures for the different population groups, such as segregated school sport systems; the continued refusal of some white schools and clubs to play against non-whites; the refusal of non-white clubs affiliated to the largely non-white South African Council of Sport to play against some whites; separate residential areas; and the disparity of provision of facilities for the different groups.

The Chancellor's Mansion House Speech

The Chancellor of the Exchequer, Mr Nigel Lawson, said in his speech that the rapid increase in liquidity in Britain's financial system, as measured by the sterling M3 indicator, was not a cause for alarm. Taken as a whole, indicators of monetary conditions were consistent with the Government's counter-inflationary objective. The target range for sterling M3 had, in retrospect, been set too low, and a new range would be considered for the 1986-87 Budget. The policy of funding public sector spending in such a manner as to control the growth of sterling M3 would be abandoned. The Chancellor also spoke of the new supervisory arrangements for financial institutions; the need to resist pressures for protectionism in international trade; and the prospects for the British economy.

Mr Lawson was making his annual speech at the Lord Mayor's Banquet for Bankers and Merchants of the City of London at the Mansion House on 17 October.

World Economy

Reviewing, first of all, the recent meeting of finance ministers and central bank governors of the five major industrial nations in New York (see pp 317–18), Mr Lawson noted the conclusion they had reached: that protectionist pressures had to be resisted at all costs. The United States Administration had stated its determination to fight against any such pressures which were mounted in Congress.

The meeting had also resolved to help bring about an orderly depreciation of the dollar against other major currencies and a useful start had already been made on this.

The United States had begun to tackle the problem of its fiscal deficit; and the Japanese authorities had announced measures to open up the country's markets more, especially the financial market. But in both cases further progress was needed.

The central themes of the meeting in New York had been reaffirmed and underlined at the annual meetings of the World Bank and the International Monetary Fund in Seoul in October. Mr Lawson was gratified by the widespread recognition that the Bank should adopt the Fund's tried and tested case-by-case approach as a way of dealing with the international debt problem.

Recognition of the need to resist protectionism had been at the centre of discussion at all these meetings. The Chancellor emphasised the British Government's support for this view. 'Our overriding aim is to maintain a free trading and financial system at home and abroad. . . . The more regulations we can remove, the more barriers we can lower, the more liberal we can make our trading practices, the better off we shall all be.'

Financial Supervision

Turning to the domestic economy, Mr Lawson spoke of the Government's measures to establish satisfactory regulatory and supervisory systems for Britain's financial services. Legislation would be introduced soon covering the securities industry (see pp 41-3) and building societies (see pp 414-16, 1984), and in due course the Banking Act 1979, which had proved to be deficient in some respects, would be replaced (see pp 19 and 238-9). For the first two kinds of institution the way to balance conflicting restraints and requirements had become clear, but for banks the way forward was still under consideration. The Chancellor noted some of the proposals that had come out of investigations into the collapse of Johnson Matthey Bankers, affirming the high importance he attached to the strengthening of co-operation between banks' auditors and the banking supervisors.

The proposed new system of supervision would reduce risks substantially, but not entirely. It would not be right to seek to do that. Furthermore supervision did not absolve managements from their overriding responsibility for the proper conduct of their businesses. Equally, no system of supervision could be proof against deliberate fraud. It was essential therefore, in order to maintain London's reputation as a financial centre, to ensure that fraud was quickly exposed and dealt with.

The Government was taking its responsibility in the field of financial supervision – its duty to ensure a proper statutory framework and to oversee the effective implementation of that framework – very seriously indeed.

Monetary Policy

Changes in financial markets – liberalisation and innovation – had affected financial indicators, Mr Lawson said, and the Government recognised the need to take account of this in the way that financial policy was operated. 'Inevitably, the growth rates and significance of the various measures of money supply have been affected. This has, rightly, been reflected in changes in the way in which we interpret signals from the different financial indicators.'

He stressed the point, however, that the essence of the Government's economic policy had not changed. 'The Government continues to attach the highest priority to the maintenance of sound financial conditions. The aim of monetary policy is to ensure sustained and steady downward pressure on inflation.' This could only be secured, he went on, 'by delivering an appropriate growth of money GDP [the average measure of gross domestic product at market prices – see p 315] over the medium term.'

The Government did not attempt to target money GDP directly, though. It was necessary to conduct monetary policy through the use of intermediate targets, taking account of relevant information such as the behaviour of the exchange rate. Among intermediate measures the Government found it helpful to examine measures of both broad and narrow money.[1]

The broad money target measured the liquidity of the economy, the Chancellor said. An excessive build-up of liquidity supplied a store of purchasing power that could be translated into spending, thus providing an undesired boost to the growth of money GDP and hence to the growth of inflation.

The question to be answered, however, was how much constituted an excess of liquidity. It was in retrospect clear that the Government had persistently underestimated the extent to which both individuals and companies wished to hold an increased proportion of savings in liquid form. As a result the target range for sterling M3 had been set too low. 'We can maintain . . . progress towards our inflation objective while sterling M3 is growing at a rate well above the top of the range set in this year's Budget statement. To try to bring it back within the range . . . would imply a tightening of policy which the evidence of other indicators of financial conditions tells us is not warranted.'[2]

Mr Lawson said he would be considering the 1986-87 target for sterling M3 when he prepared the next Budget statement. In the meantime, monitoring of the indicator would continue as part of the task of assessing overall monetary conditions. Other measures of broad money would be taken into account as well; and overall judgments also had to take into account the level of short-term interest rates (where a cautious approach continued to be indicated), the behaviour of the narrow M0 indicator (which was more clearly related to spending patterns), and the exchange rate. This last inevitably assumed an increased weight in monetary policy decisions when, as was currently the case, signals from the various measures of money supply became difficult to interpret. It had a direct impact on the price level and on inflationary expectations. Large swings in the exchange rate could not be ignored in any case.

At present, he said, he believed that the various indicators were consistent with lower inflation. 'If the performance of one indicator were to deteriorate, we would need convincing evidence from the other indicators before concluding that this was acceptable.' There was nothing new in this approach to monetary policy. The same approach had been stated explicitly over five years previously in a government consultative paper, *Monetary Control* (see pp 131-2, 1980).

Funding Policy

This approach to the assessment of monetary conditions also had implications for the Government's funding policy, which was aimed at financing the Budget deficit in a non-inflationary way. The Government's intention had been neither to overfund nor underfund the public sector borrowing requirement in the medium term. But in practice short-term considerations had led to a systematic tendency to overfund. [The Government, that is, has increased its sales of its stocks ('gilt-edged' stocks) in order to reduce liquidity and produce a contractionary effect on the sterling M3 measure of money supply.] This, however, had introduced undesirable distortions into the financial markets – not least a rapidly growing 'bill mountain'. [The Chancellor was referring to commercial bills that the Bank of England had bought in order to ease temporary shortages of liquidity in the banking system.] Accordingly, Mr Lawson said, the Government was 'no longer seeking to control the recorded growth of sterling M3 by systematic overfunding'. The objective would be to fund the public sector borrowing requirement over the year as a whole: no more, no less.

Should it at any time become desirable to tighten money conditions, Mr Lawson said [that is, to slow down the rate at which money is circulating in the British financial system] 'that would be achieved – and let there be no doubt about this – by bringing about a rise in short-term interest rates'.

The Economy

The 'acid test' of monetary policy was its record in reducing inflation. 'At the end of the day . . . the inflation rate is judge and jury.' Mr Lawson took comfort from the fact that over the years the Government had achieved a lower inflation rate, despite all the distortions to monetary aggregates. There had been a temporary 'blip' in retail price inflation during 1985 – which was attributable to mortgage rises and the fall in the exchange rate (see pp 40-1) – but he expected the rate to fall to close to the Budget forecast of 5 per cent by the end of the year, and to below 4 per cent by the middle of 1986.

Lower inflation would point the way to continuing growth of output. Growth in the past few years had come in a balanced way from several sources, with investment and exports growing twice as fast as consumer spending. 'Over the next year, exports and investment may not grow as fast as in the past year, but other components of demand – notably private sector consumption – may contribute more.'

[1] The broad money measure, sterling M3, comprises notes and coin in circulation with the public and private sector sight and time deposits in Britain. The narrow measure, M0, comprises notes and coin in circulation with the public and banks' holdings of cash and their operational balances at the Bank of England.

[2] The target range for 1985-86 for the growth of money supply as measured by sterling M3 was set at 5 to 9 per cent in the 1985 Budget statement. Estimates suggest that sterling M3 grew by 13·5 per cent on an annualised basis in the six months to mid-October.

Unemployment had been less affected by the healthy growth rate than might have been expected. The Chancellor attributed this to two factors, both of which would be beneficial to the economy in the long run: the rapid growth of productivity, particularly in manufacturing (up by 30 per cent in the last five years); and the large rise in the number of people entering the labour force, which had masked the fact that the number of people in work had risen by 600,000 over the past two years.

But unemployment remained at a high level and there was still much to be done to improve the flexibility and adaptiveness of the labour market. Meanwhile employers who conceded unnecessarily high pay rises were helping neither their own firms nor the competitiveness of the economy, and certainly not the unemployed.

Given commonsense on this front, the omens were good, Mr Lawson concluded. The economy had been growing at an average rate of 3 per cent a year for four years, with 1985 the best year so far. This had been achieved through 'a prudent fiscal policy and an anti-inflationary monetary policy, against the background of a more competitive, deregulated and productive economy'. These were the policies that would be maintained.

Venture Capital and Share Ownership

The need for venture capital for new and small businesses was emphasised by the Chancellor of the Exchequer, Mr Nigel Lawson, in a speech in London recently. He described measures that the Government was taking to increase the supply of venture capital and of the success that had been achieved. He spoke also of the need to promote wider ownership of shares in Britain, and create a more enterprise-oriented culture.

Mr Lawson was giving the Chairman's Lecture at the Stock Exchange, London, on 26 September.

Venture Capital

He said that the most dynamic economies were those in which new small businesses played a vital role. In the United States and Japan, firms employing fewer than 500 people accounted for well over half of all private sector jobs. In Britain it was well under half. The reason for lack of dynamism in Britain's small business sector had long been debated; high taxation, low profitability in the economy generally and an anti-enterprise culture had all been invoked.

An additional factor, in Mr Lawson's view, had been the 'equity gap' – the difficulty that firms had in raising quite small sums of £20,000 to £50,000. Large financial institutions considered that investments of this size involved risks and problems which were not justified by the rewards. The gap had been identified in the 1920s, and had partly inspired the creation, in the 1940s, of the investment group now known as *3is*.[1]

[1]This stands for 'Investors in Industry'. Shares in the group are owned by the Bank of England and the clearing banks.

No one institution could be expected to deal with the problem, however.

Measures to Stimulate Venture Capital

When the present Government had come to office in 1979 there had been some 20 venture capital funds, but these in some cases represented only a token theoretical commitment to small business. The funds had invested less than £10 million of new capital in 1979.

The Government had set out to improve confidence and the conditions for investment generally. It had shown that inflation could be beaten and that non-inflationary growth could be sustained. Private sector business investment had grown strongly, rising by over 15 per cent in real terms in 1984 to a new record level.

But the creation of sound financial conditions was not by itself sufficient. The growth of a risk-taking culture also had to be stimulated. One aspect of the Government's approach to this problem was its belief that there were things that governments should not do: they should not try to control all aspects of economic life. On the positive side, the Government had reduced income tax and reformed and simplified capital taxes. It had also legislated to encourage executive share options and, through the Business Expansion Scheme, to provide for tax reliefs on investment in certain new and expanding enterprises (see p 118 and p 133, 1983).

The executive share option scheme, introduced to assist companies in the Finance Act 1984, worked by replacing liability to income tax with liability to capital gains tax for qualifying options. It had provided new small businesses with an ability to attract high-quality management, and had been outstandingly successful, with 800 schemes approved and almost as many in the pipeline.

The Business Expansion Scheme introduced in 1981 (as the Business Start-Up Scheme) had been responsible for over £100 million invested in some 600 firms in 1983-84. Nearly 60 per cent of this had gone to start-up companies and about half of companies invested in were raising equity capital of £50,000 or less. Preliminary figures for 1984-85 indicated that at least as high a total sum had been invested under the scheme.

Recent Growth of Venture Capital

There had been a striking change in the business climate since 1979. The market had responded with a dramatic rise in risk investment. From £10 million in 1979 the figure had grown to £284 million in 1984, of which £228 million had been spread among some 570 companies. This moreover did not include investments in small businesses made by non-specialist institutions, private placings by stockbrokers, or the £60 million directly invested by individuals under the Business Expansion Scheme in 1983-84. It was now indeed realistic to compare Britain's venture capital industry in relation to gross domestic product with that of the United States. Even more strikingly Britain now accounted for two-thirds of venture capital investments in the European Community.

There were already indications that growing investment was having an impact in terms of an increase in the number of new small businesses being formed. VAT documents showed that 9,000 firms a month

were being registered, a new record figure, and there had been an excess of registrations over deregistrations of over 500 a week since 1980. The companies being created spanned a wide range of sectors. Many of them would be major employers by the end of the century, Mr Lawson believed.

The Unlisted Securities Market[1] established in 1980 by the Stock Exchange – with government encouragement – was filling an important need in helping small companies to grow (see p 372, 1980). Some 300 companies were now quoted on it with a market capitalisation of over £3,000 million. The flow of new issues on The Stock Exchange proper was also as large now as it had ever been.

Share Ownership

There had been equally striking changes on the investor side of the equation, Mr Lawson continued. The Government had come to office determined to reverse the decline in the proportion of shares held by individuals – down to 28 per cent in 1981 from 37 per cent in 1975. A healthy economy needed a close link between individual investors and companies.

Employee share ownership was a vital aspect of share ownership in general, contributing to a sense of identification between employees and the companies in which they worked. Tax changes aimed at increasing employee shareholdings had begun in a small way in the 1978 Finance Act. A further and different kind of tax-assisted employee share scheme had been introduced with the Finance Act 1980 (see p 119, 1980). Both schemes had been regularly improved. The results had been dramatic. From 33 all-employee share schemes in 1979 there were now over 1,000 covering over a million employees. The number of schemes continued to grow, aided by the halving of the rate of stamp duty (see p 123, 1984), the increase in the capital gains tax threshold (see p 121, 1982) and the abolition of investment income surcharge (see p 123, 1984).

Privatisation

The biggest boost to wider share ownership, however, had been the privatisation programme.[2] Twelve major state companies had been transferred to the private sector, representing a fifth of the state sector of industry in 1979, and it was intended to transfer another fifth by the end of the current Parliament. All of the companies sold were performing better than they had done as nationalised industries, moreover. The Government had also set out to favour employees and small investors in almost every sale. Over a third of a million employees of nationalised industries had so far acquired shares in the new companies; and a great many first-time investors had been attracted to The Stock Exchange. The British Telecom issue alone (see pp 453-4, 1984) had attracted 2 million shareholders, most of whom had never owned a share in their lives before. Some 1·75 million of them remained shareholders. Privatisation was starting to have a major impact on the patterns of saving by individuals, and there was more to come, particularly the flotation of British Gas. Privatisation had also brought out the possibility of employee and management buy-outs, beginning with the example of the National Freight Corporation. The increase in the number of buy-outs was a healthy trend; in the last three years there had been more than 400.

The Future

There were three major challenges for the financial community. First, it was vital that providers of capital should actively help companies to grow; this meant a willingness to risk further injections of equity, an enlightened attitude among bankers and a supply of trained managers willing to join new small businesses. Second, there was a need to improve the supply from larger institutions of small packets of venture capital to bridge the 'equity gap'. Third, it was necessary to build up the new public for share ownership, by communicating the benefits more widely, enthusiastically and imaginatively, and by improving access to the stockmarkets for small investors.

Conclusion

There was a strong tradition of imagination, invention and entrepreneurship in Britain, into which the Government was breathing new life, said Mr Lawson. 'Twenty years hence, though the Government's achievement in conquering inflation will undoubtedly be regarded as a turning point in our economic history, much more importance will be given to the resurgence of venture capital and wider share ownership than to the evolution of techniques of monetary control.' The Government had consistently been prepared to take the long view. 'Our strength is that we have set changes in motion whose impact, though gradual, will turn out to be fundamental and far reaching, not just for the British economy, but for the very nature of the society in which we live.'

[1] The USM, as it is known, provides a market under the auspices of The Stock Exchange for shares in small or new companies which are unable or unwilling to comply with the requirements for a full listing on The Stock Exchange.

[2] See the article on pp 273-5. This has been offprinted as COI reference paper *Britain's Privatisation Policy*, No 245/85.

British Construction Overseas

British construction companies won new overseas contracts worth £2,400 million in 1984-85, £100 million more than in 1983-84. The Middle East was the area where the value of new contracts was highest, some £768 million, followed by the Americas with £727 million.

This article, describing overseas building and civil engineering in 1984-85 and giving details of a number of major contracts, is based on an article contributed by the Department of the Environment to *British business* for 25 October. An article on the overseas work of consulting engineers, architects and surveyors appeared in the September issue of *Survey of Current Affairs* (see pp 354-5).

Value of Overseas Work 1984-85

British building and civil engineering contractors won new overseas orders worth an estimated £2,391 million in 1984-85, an increase of more than £100 million over the (revised) figure for 1983-84 of £2,250 million. Work completed in the year was valued at £2,433 million, an increase of about £90 million on

the previous year, while the value of work outstanding at the end of March 1985 was about the same as in 1983-84 at £3,233 million (see table).

Large firms with established expertise overseas continued to secure the largest contracts. The top ten companies accounted for about 90 per cent of work completed in the year to March 1985. The general movement of work overseas from Asia to the Americas continued during 1984-85 as shown by both the value of new contracts and the value of work done.

The Middle East

Pirelli General has won a contract worth £55 million for cable supply and installation in Kuwait for the country's Ministry of Electricity. The contract is for the manufacture and installation of 300,000-volt oil-filled cables and accessories. Construction work, worth about £27 million, will be carried out by Pirelli Construction, based in Hampshire. It will involve the installation of 100 km (63 miles) of cable in Kuwait City.

Tarmac Overseas has won a management and general contract for a £157 million leisure development plan for Bahrain. The island's municipality has approved the scheme which will be built close to Zallaq. The leisure centre, devised by Scottish architect Alison and Hutchinson and Partners International of Edinburgh, will include a luxury hotel, yachting marina, monorail, sports complex, equestrian centre, beach villa development and theme park. Design work and financing is expected to take until the end of 1985, ready for a start on site in early 1986 with completion in three years.

George Wimpey has been awarded two contracts totalling £23 million for civil engineering work in the United Arab Emirates. The larger job, worth £14 million, has been awarded to Wimpey Roads and Construction (Abu Dhabi) and calls for the construction of 13 km (8 miles) of single carriageway and two bridges as an access road to the Taweelah power station on behalf of the Abu Dhabi public works department. The smaller scheme has been let to Wimpey Civil Engineering at £9 million and involves civil engineering work as the first phase of a clinker grinding plant at Umm al Qaiwain for Japan's Hitachi Zosen Corporation.

A contract valued at £23 million for the construction of a new arrivals terminal at Dubai international airport has been awarded to Balfour Beatty Construction Ltd, in joint venture with Dubai Transport Co (PVT) Ltd. The new terminal will be architecturally similar to the existing terminal and in addition to the arrivals facilities will house the offices of the Civil Aviation Department and airlines. The need for a second terminal rises from the dramatic growth in passenger and cargo traffic through Dubai and the new terminal will enable the airport to handle over 5 million passengers a year. The client is the Department of Civil Aviation of the Dubai Government.

A joint venture of Balfour Beatty Construction International Ltd and Oman Building and Construction Company has been awarded a £70 million contract for the construction of a road in the southern region of Oman. The client is the Oman Ministry of Communications, and the consulting engineer is Maunsell Consultants Ltd. The work consists of 78 km (49 miles) of single carriageway road complete with wadi crossings, pipe and box culverts, traffic signs and road markings. The road will follow a route through remote and mountainous terrain and will rise from sea level at the coastal village of Mugsayl to over 1,000 metres (3,250 ft) at the village of Furious. Six million cubic m (210 million cubic ft) of rock excavation will be carried out. A residential complex will also be built under the contract for the Ministry of Communications in Salalah.

South and South-East Asia

Eve Construction, Hawker Siddeley and Pirelli UK have shared a contract worth £13 million at Dhaka, Bangladesh. The three companies will supply substations and cabling as part of a scheme to expand and upgrade the power distribution system in the city.

Treego Bina, a Malaysian associate of Henry Boot International, has won a major portion of a three-year £130 million project for the design, supply and installation of a complete new microwave telecommunications system for the whole of Malaysia. Work-

Construction Work Overseas
Years ended 31 March

£ million (current prices)

Area	Value of contracts obtained		Value of work done		Value of work outstanding	
	1983-84	1984-85	1983-84	1984-85*	1983-84	1984-85*
European Community	7	44	21	46	9	6
Rest of Europe	49	52	58	57	65	59
Middle East in Asia	709	535	680	691	856	755
Middle East in Africa	109	233	66	42	117	246
Rest of Asia	204	244	306	277	351	326
Rest of Africa	427	335	556	480	704	590
The Americas	555	727	440	603	943	1,091
Oceania	192	221	217	237	177	160
All countries	2,252	2,391	2,344	2,433	3,222	3,233

*Provisional.

Note. Comparisons between years are affected by exchange-rate fluctuations.

ing in conjunction with Standard Electrik Lorenz of Stuttgart, Federal Republic of Germany, which is to supply the microwave equipment, Treego Bina is to undertake all the building and civil engineering work involved. Two hundred buildings and towers are to be constructed in areas covering not only peninsular Malaysia but also Sabah and Sarawak, 1,290 km (800 miles) across the South China Sea. Routes for the microwave links will in many cases follow high ground in remote parts of the country where the planning, organisation and construction will be most challenging with roads and buildings often built in dense jungle and on mountain tops.

A contract to provide management services on a housebuilding project in the south of Malaysia has been awarded to Teamwork Corporation Sdn Bhd, of Kuala Lumpur, an associated company of the Taylor Woodrow Group. The contract has been placed by Taman Mengkibol Sdn Bhd, a joint venture between Yule Catto Plantations Sdn Bhd and the Johore State Economic Development Corporation. It entails project management services on a £70 million housing development at Keluang, Johore State, about 400 km (250 miles) south of Kuala Lumpur, which comprises a broad spectrum of homes ranging from low-cost to high-standard properties. There will also be shops with accommodation. Work on the 4,000 unit development is expected to be completed by 1995.

Balfour Beatty-Maju has been awarded a £19 million contract from the Kedah state government for the construction of the Sungai Ahning dam in northern Malaysia. Balfour Beatty-Maju is a joint venture formed between Balfour Beatty Construction Ltd, and the Kedah Regional Development Authority. The dam is a water supply storage project which is being developed on the Sungai Ahning river close to the border with Thailand and 56 km (35 miles) north-east of Alor Setar in Kedah State. Work on the contract involves the construction of a rock-filled dam 74 m (243 feet) high, 280 m (920 feet) long and containing about 700,000 cubic m (25 million cubic ft) of rock.

The Singapore Mass Rapid Transit Corporation has awarded a four-year contract of about £110 million to a joint venture of Henry Boot International Ltd, Gammon (Hong Kong) Ltd and Singa Development Private Ltd of Singapore for the supply and installation of all trackwork and associated materials for phases I, IA and II of the Singapore mass rapid transit railway. The work consists of 195 km (122 miles) of track, part in tunnel, part on viaduct and part at ground level. Concrete and timber sleepers will be manufactured locally, but all the rail will be manufactured by British Steel in Britain. The Singapore contract will bring orders worth approximately £53 million in British export of goods and services, most of which will be going to British Steel.

May, Gurney and Co of Norwich has formed a joint-venture company with local firm Nusa in connection with its £30-million, 50-hectare (124-acre) housing development at Ciputat, 40 km (25 miles) south-west of the Indonesian capital, Jakarta. Nusa is acting as developer and contractor for the 2,000 low- and medium-cost houses which are being built in 'villa' styles. Other work includes shops, leisure facilities and the provision of infrastructure.

Kier International has won contracts in Hong Kong worth over £30 million. The largest of these is for the construction of two raw-water pumping stations and associated works at Plover Cove for the Water Supplies Department of the Hong Kong Government. This complex engineering contract will be constructed as a joint venture with Gammon (Hong Kong). Binnie and Partners (Hong Kong) are the engineers for the contract.

BICC Supertension Cables Ltd of Erith, Kent, has been awarded a contract, valued at approximately £25 million, to supply a minimum of 90 per cent of China Light and Power Company Ltd's Hong Kong requirements of 66 kV and 132 kV oil-filled cables and associated accessories over the next five years. Henry Boot has won a contract worth £25 million to build the superstructure for a six-storey container freight station in Hong Kong. Work, at the Kurai Chung container terminal, is for Asia Terminals with supervision by management contractor ICC Far East Engineering and Construction. On completion, the drive-in freight station is expected to be the largest in the world, capable of parking 1,800 containers below first-floor podium level with space on floors one to six for loading and unloading a further 1,000 containers. The building, designed by architect Ng Chun Man and Associates, will be 225 m (740 ft) long by 128 m (420 ft) wide in plan with a three-lane spiral ramp at one end capable of taking 12 m (40 ft) long container lorries.

Rest of the World

The Tarmac-led Anglo-Egyptian consortium comprising Tarmac, Balfour Beatty, Cementation, Nuttall and Arab Contractors, has been awarded the £98 million contract 12 of the Cairo wastewater project in Egypt. The work involves the construction of a tunnel about 6 km (4 miles) long linking Abdeen with Ein el Siera.

Wade Adams Construction has won a contract worth £9 million for the construction of a training college at Iringa in central Tanzania for the National Bank of Commerce. Hawker Siddeley Power Engineering has been awarded a £7 million contract to design and construct a 5·5 MW diesel power station at Masasi in southern Tanzania, while Wade Adams has won a £1 million civil engineering subcontract for the scheme.

F. J. C. Lilley Group company, Harrison Western, in a joint venture with Franki-Denys, has been awarded a £23 million contract from the Washington Metropolitan Area Transit Authority. It involves the construction of twin 6 m (20 ft) diameter, 762 m (2,500 ft) long tunnels below the Anacostia river for the latest addition to the Washington, DC, metro. Harrison Western has also been awarded three contracts worth £14 million in all by the Milwaukee metropolitan sewerage district for dropshafts and ancillary facilities in a joint venture with Hunzinger Construction. In addition, the company has begun boring a 4 m (12 ft) diameter power tunnel for the Tri-dam Authority hydroelectric project in north-east California under a contract valued at £23 million.

Cementation Canada has been awarded a contract worth approximately £10 million to construct a 344 m (1,130 ft) deep, 8·4 metre (28 ft) diameter ventilation shaft at Roger's Pass, British Columbia. The concrete-lined shaft will ventilate Canadian Pacific's 14 km (9 miles) long Mount MacDonald tunnel, currently under construction to improve rail traffic through this section of the Rockies.

Renewable Energy Sources

The Government's commitment to the development of renewable sources of energy as an integral part of its energy strategy was emphasised in a ministerial speech in the House of Commons on 25 October.

Ministerial Statement

Opening a debate in the House of Commons (*Hansard*, Vol 84, No 169, cols 577-638), Mr David Hunt, Parliamentary Under-Secretary of State for Energy, said that the Government's energy policy was based on a flexible approach in which the essential ingredients were diversity of energy supply, economy of energy supply and efficiency of energy use. Britain was particularly fortunate in having substantial indigenous energy resources of coal, oil and gas which, together with nuclear sources, represented valuable diversity of supply; and the Government had endeavoured to set a framework which would ensure that the markets in the energy sector operated with the minimum of distortion and that energy was produced and used efficiently. A key objective was improved energy efficiency throughout the economy. The potential for cost-effective investment in energy-efficient equipment and technologies was immense; about £7 million annually was spent unnecessarily on energy, and this had to be eliminated. Accordingly, the Government had created the Energy Efficiency Office and launched a nation-wide campaign to improve energy efficiency.

Renewable sources of energy, on which the Government had, since 1980, been spending at three times the previous rate, were already making a useful and economically justified contribution to the diversification of Britain's energy economy. The evaluation for use in Britain of the alternative sources of energy had been a major success, with much pioneering work undertaken by the public and private sectors.

Research and Development Programme

The original objective of the Department of Energy's renewable energy research and development programme had been to determine by the mid-1980s the likely cost of renewable energy technologies and the scope of their future contribution to energy supplies. This objective had been substantially achieved since the programme began in 1974. Expenditure, which was currently running at some £14 million a year, amounted to over £68 million since 1979, and this had supported a comprehensive range of research and development activities. Following the recent review by the Advisory Council on Research and Development (see p 240) the programme would now be aimed at encouraging the uptake of commercially attractive technologies and exploring the potential of those which were of uncertain commercial value. The programme now grouped renewable technologies into three classifications: the economically attractive, which could be deployed profitably at present fuel prices; the 'promising but uncertain', where further research was needed to reduce costs or to define them better; and those which seemed unlikely to be useful in Britain but which needed careful monitoring and evaluation.

Renewable Energy Technologies

Some technologies, such as ocean thermal energy conversion and solar voltaiç cells, had been quickly shown to be unsuitable for large-scale use in Britain, and no significant research work had been funded by the Department of Energy, although the Department of Trade and Industry was providing support for solar voltaic cells (which use the sun's energy to produce electricity), because of their export potential. Others, such as geothermal aquifiers, on which the Government had spent £10 million investigating their potential, and wave energy, on which £17 million had been spent, had proved to be uneconomic. Funding would continue to be available for the development of some technologies which, while not economic at current fuel prices, might become economic in the future, as a result either of fuel price increases or of an improvement in costs and performance.

Mr Hunt said that the research and development programme had achieved several major successes in its efforts to demonstrate the effectiveness, and secure the take-up by companies, of particular technologies. Notable among these had been direct solar heating, expenditure on which was expected to double to about £1·5 million a year within the next two years, and which had the potential to save up to £800 million. The programme had already established that considerable reductions in energy consumption could be achieved by the use of passive solar features in both new and existing houses in Britain. In trials at Milton Keynes houses of energy-efficient design which employed simple passive solar features had been shown to use 40 per cent less fuel for space heating than conventional equivalents. Important advances had also been made in the use of wastes, including industrial and domestic wastes, for fuel. In many circumstances biofuels were already economic, and equipment was available from British companies. An important part of the Department of Energy's biofuels programme was the support given to demonstration projects aimed at promoting the wider uptake of waste-burning technologies. Successes had also been achieved in demonstration projects promoting the utilisation of gas from landfill refuse tips.

Some technologies had shown promise but were not yet competitive with conventional fuels. Of these, the Government considered wind energy to be the most promising renewable source of energy, and two major projects were under way. These were: a 3-MW wind generator on Orkney, which was a collaborative project involving both the Department of Energy and the North of Scotland Hydro-Electric Board; and a novel vertical axis machine at Carmarthen Bay (see pp 385-6, 1984). A potentially large oversees market for wind energy turbines existed, and the Department was supporting a comprehensive research programme to support these two major projects and to provide data for the exploitation of Britain's wind energy resources.

Support had also been made available, through the Camborne School of Mines in Cornwall, for the development of a hot dry rocks geothermal energy programme, which was investigating whether it would be possible to create large underground reservoirs of artificially fractured rock; the programme had been very successful in meeting most of its objectives, but further work at a depth of 2,000 m (6,560 ft) was still necessary in order to understand reservoir behaviour

before major expenditure on deeper work could be committed (see p 235, 1983). The Department of Energy was also providing support for studies of the technical and financial viability of schemes for tidal barrages at the Severn and Mersey estuaries. Mr Hunt also said that site preparation work was in hand at the Point of Ayr (Clwyd) oil-from-coal project, and that completion of construction was expected at the end of 1987.

International Collaboration

The Department of Energy was actively involved in international collaborative efforts to develop alternative sources of energy. There was bilateral collaboration between Britain and the United States on the development of renewable energy technologies, and participation in the programmes of the European Community and the International Energy Agency. The research, development and demonstration programmes funded by the European Commission had given opportunities for British companies, universities and research organisations to further develop the renewable technologies for applications in Britain and overseas.

Conclusion

Mr Hunt concluded that the Government had 'taken positive steps to evaluate all potentially economic technologies and to encourage their integration as quickly as possible into our daily lives'. An essential element had to be technology transfer to industry, and he commended the efforts of the Energy Technology Support Unit at Harwell (Oxfordshire) in working towards this.

the Department helped a further 1,000 firms in 1984-85 through its arrangements for advice on product design, and many of these are already showing an increased turnover. The quality campaign, which provides assisted consultancy to small and medium-sized firms to encourage them to obtain certification of their quality assurance procedures to a nationally recognised standard, helped 600 firms, while 1,100 firms received assisted manufacturing consultancy.

Science and Technology Expenditure, 1982-83 to 1984-85

£ million net (current prices)

	1982-83	1983-84	1984-85
Chief Engineer and Scientist's Group	35·75	49·43	53·50
Laboratory of the Government Chemist*	−1·07	1·06‡	4·30†‡
National Engineering Laboratory	8·26	11·24‡	13·35‡
National Physical Laboratory	17·27	19·50	22·97
Warren Spring Laboratory	1·32	2·65‡	3·26‡
Air	31·25	30·16	32·47
Alvey programme	0	1·73	6·45
Chemicals, textiles, paper and other industries	8·99	13·27	13·22
Electronics	33·87	32·53	44·20
Information technology	33·27	44·15	47·68
Maritime technology	3·30	6·75	10·47
Mechanical and electrical engineering	21·00	29·40	39·75
Minerals and metals	7·94	9·72	8·52
Space	61·94	59·99	64·14
Vehicles	7·61	10·95	12·07
Total	**270·70**	**322·53**	**376·35**

*Net expenditure including receipts from other government departments.

†As from 1983-84 the costs include a charge by the Property Services Agency to cover such items as rent, maintenance, fuel and utilities.

‡Includes £3·4 million of support provided by the Biotechnology Unit.

Science and Technology Report

The Department of Trade and Industry published the *Science and Technology Report for 1984-85* on 28 October.[1] The report discusses the Department's promotion and support of innovation in science and technology and reviews the activities of the Department's research establishments.

The Department spent £376 million on science and technology in 1984-85 under the Science and Technology Act 1965. This represents an increase of over 100 per cent in money terms and of over 50 per cent in real terms since 1980-81. Expenditure on the Department's research establishments and on its programmes in particular areas is given in detail in the table.[2]

In line with the Government's policy for increased industrial awareness of the importance of good design, new initiatives during the year included the Department's decision to commit a British subscription of 15 per cent to the European Space Agency Columbus Preparatory Programme, which is related to the NASA (National Aeronautics and Space Administration) space station. British participation will centre on the free-flying platforms, where the study contract is being led by British Aerospace (see p 50).

In the area of biotechnology, seven companies were encouraged by the Laboratory of the Government Chemist to join together with three academic groups in a five-year collaborative research project into bioreactors. The first results have already been patented.

The introduction to the report discusses the background to the review of innovation policy which the Department undertook in the latter half of the year and whose results were announced in March (see p 132). The aims of the Department remain to encourage and assist increased civil research and development in industry; effective exploitation of British and foreign science and technology; awareness and rapid adoption of key technologies; levels of quality and design that match the highest world standards; and close co-operation on new products between British producers and customers, for example through public purchasing.

[1] *Science and Technology Report 1984-85.* Available free from Ashdown House Library, Department of Trade and Industry, 123 Victoria Street, London SW1E 6RB.

[2] Certain of the Department's science and technology programmes receive some additional funding under the Industrial Development Act 1982 (see pp 318-20) and other Acts. Expenditure under these other votes reached £75 million in 1984-85.

The Department has recently strengthened the support for its longer-term studies work. The Long Term Steering Group, a committee of officials from the Department of Trade and Industry and other government departments, has as its main role the identification of trends which will, over the next ten to 20 years, be the key influences on companies and the economy, in particular its manufacturing and commercial sectors. The Group aims to keep existing policies under review so as to counterbalance pressures to concentrate on shorter-term issues. Particular emphasis is given to studies of key technologies likely to have a major impact on industry and the economy and to the implications of future trends for the balance of the Department's own support for science and technology.

The Department has enhanced its evaluation of its expenditure to ensure that it is as cost-effective as possible in improving Britain's research and development performance. Over 6,000 projects have been supported by the Support for Innovation scheme since its launch in 1982 (see pp 296-7, 1982) and the Department decided in autumn 1984 that there was a sufficient number of projects which had been completed long enough for there to be a meaningful evaluation of their commercial as well as their technical outcome. An extensive programme of evaluation of how the full range of Support for Innovation assistance has influenced the different types of user, from the large to the small, has therefore been undertaken and is expected to be completed in 1986.

Design and Innovation

The vital role of design and innovation in the economic well-being of Britain was emphasised by the Government in a debate in the House of Commons on 21 October. Two new government initiatives aimed at promoting a greater awareness of design in schools and among industrialists were announced the following day.

MINISTER'S SPEECH

Importance of Manufacturing

Opening the debate (*Hansard*, Vol 84, No 165, cols 57-76), the Parliamentary Under-Secretary of State for Trade and Industry, Mr John Butcher, said that the performance of manufacturing industry, which provided 68 per cent of total British exports of goods and services, was of critical importance to the country's future economic strength. Operating in a competitive environment, manufacturing companies had to innovate to keep up with their rivals, and today a firm's intellectual capital – designs, patents and knowledge – was more important than its fixed assets in determining earning power and even capacity to survive. Together with capital investment, the exploitation of innovation (see p 355) provided, Mr Butcher believed, the driving force for maintaining and increasing Britain's share of today's fiercely competitive world markets.

The significance which the Government attached to manufacturing was shown by the provision of a wide range of schemes of government assistance. Direct financial support to industry had amounted to around £1,500 million in 1984-85, with over 90 per cent going to manufacturing (see pp 318-20).

Support for Innovation

The support for innovation programme supplemented the general assistance available for research and development with a number of specific schemes aimed at encouraging greater awareness of the new technologies, providing help with consultancy services and training, and giving assistance with research and development investment. Spending on support for innovation in industry had risen from almost £94 million in 1980-81 to some £240 million in the current year. The Government was encouraging innovatory application of a large range of technologies that cut across the needs of all innovative industries as a way of making a lasting contribution to competitiveness. Support for robotics, microelectronics, biotechnology and optical fibres, for example, had continued to grow and had demonstrated its effectiveness.

The Government was redirecting its innovation support to deal with the major inhibitions to exploitation and use of technology in industry. It wanted to encourage innovatory, collaborative research and development projects to enhance confidence in market prospects for new products and to help companies to extend their technical base through collaboration with universities and polytechnics. The budget for the teaching company scheme (under which higher education establishments help firms to improve manufacturing techniques and procedures) would, for instance, be expanded from £3 million now to £5·2 million in two years time. In cash terms government support for these non-project activities would be rising by 50 per cent by 1987-88. Moreover, the vital importance of maintaining adequate supplies of trained manpower was being emphasised through studies carried out by such bodies as the information technology skills shortages committee which had been instrumental in helping the higher education sector to respond more rapidly to the changing needs of industry. Through these schemes the Government was stimulating the development and use of key technologies which drew upon several scientific disciplines and had applications in the mature as well as the new industries. The aim was to assist companies over the first hurdle in the acquisition and application of new technology, after which they could be expected to use their own resources.

Innovation, Mr Butcher said, should be treated as an essential feature of a company's operation; there were now signs that bankers and financial advisers were giving greater consideration to intellectual capital in their analysis of investment opportunities.

Quality and Design

In the main, today's successful trading nations paid close attention to the rapidly changing demands of the marketplace and to the quality and design of their products. The Government was very aware that in design, and in the skill of designers, industry had the ideal mechanism to reforge and reinvigorate the

economy. However, there had to be a long-term commitment to design by government to enable industry to meet new and growing sectors of demand if Britain's economic recovery was to be sustained. The Government's policy included a new recognition of the importance and desirable status of engineers, designers and technologists. It was committed to maximising the role of all design disciplines.

Britain now possessed three major building blocks needed to ensure economic success: a design education and training system recognised as one of the best in the world; successful industrial firms with established world-wide reputations for excellent design that could act as standard-bearers for the rest of industry; and professional organisations such as the Society of Industrial Artists and Designers (representing 7,000 industrial designers) and the representative bodies of engineering designers, including the Institution of Engineering Designers. There was also the Design Council, the Government's principal agent in design, which played such an important role in promoting the benefits of good design. It was essential that these building blocks were assembled in a coherent way if they were to form the foundations upon which success could be built.

Design Awareness

A seminar on product design and market success, hosted in 1982 by the Prime Minister, Mrs Margaret Thatcher, and attended by a group of industrialists, designers, educationalists and government ministers, had been a crucial turning point in Britain's attitude to design. It had demonstrated how design influenced nearly all aspects of manufacture – ease and economy of manufacture, ease of maintenance, reliability, choice and use of materials, appearance, presentation, ergonomics, fitness for purpose and corporate identity. Subsequently, the Government had set out to encourage the enlightened use of design consultancy: the design advisory service funded consultancy scheme (see p 211, 1982) had been established to provide small and medium-sized firms with financial assistance to use first-class designers. So far, the scheme had received more than 3,200 requests for assistance and nearly 2,000 projects had been completed; projects finished during the first year were already demonstrating increased market share, profits, sales, production and jobs.

The Government had then turned its attention to parallel methods of raising senior management's awareness of design. A series of seminars held all over the country throughout 1983 under the title 'Design for Profit' (see p 76, 1983) were attended by almost 1,500 senior managers and led to a doubling of applications for help under the funded consultancy scheme. In February 1984 a design seminar was held for financial institutions to urge them to take firms' product design and development policies into account when making investment decisions. More recently, the Government had supported four seminars on design management organised by the Society of Industrial Artists and Designers. There had been a considerable increase in coverage of design matters by press, radio and television since the campaign began, while many managers had been reporting a higher level of design activity in their companies and designers were recording a greater demand for their services.

Design Education

The Government supported a wide range of activities in education and training. One of the most important tasks was to encourage cultural change to make sure that future generations had an inherent understanding of design and an appreciation of the value of well-designed objects. There was also a need to develop a national culture that honoured manufacturing industry as much as pure research or established professions, such as law and medicine. A number of design education initiatives deliberately chosen to work at every level from infant education to postgraduate and post-experience training had been launched.

The Design Council had been asked to study existing practice in all design-related education in primary schools with a view to ensuring that best practice was disseminated throughout the primary education system. Support was being offered by the Government over a six-year period to a curriculum development project aimed at helping to fill gaps in the vocational design education curriculum at secondary and tertiary levels. Other organisations were also playing a part: for example, the Business and Technician Education Council was endeavouring to promote quality in design education by concentrating on the breadth of skills that a designer should possess. In particular, it was promoting the need for students to have as part of their design courses relevant work experience so that their education was set in the context of the real commercial world. The Government was supporting the work of the design management unit at the London Business School and the implementation of a report by the Council for National Academic Awards on design management education in colleges and polytechnics.[1] Both of these projects fitted in with the Government's aim of increasing awareness among managers of the benefits of good design by ensuring that they had the skills to absorb the design input into their corporate strategy. A pilot scheme – 'Young Designers into Industry' – had just started, under which 12 new textile graduates would spend six months to a year in selected firms on a carefully planned and monitored programme of industrial experience. If the pilot scheme were to prove a success, it was hoped to extend it gradually to other industrial sectors and involve up to 200 young designers.

Design Strategy

In 1984, Mr Butcher continued, with the aim of ensuring that these design initiatives were all pulling towards commonly agreed aims and objectives, the Government published a policy document entitled *Design for Design: A Framework for Action* (see pp 234-5, 1984), which outlined the main objectives in its design policy: these were to continue to stimulate awareness in industry and commerce of the benefits of good design; encourage greater consciousness of good design by customers; and reinforce the importance of design education and training at all levels. In order that all future design initiatives would meet these objectives, a strategy group had been established, based in the Design Council. Several months ago, detailed recommendations for action submitted by the Council had been welcomed by the Government,

[1] *Managing Design – An Initiative in Management Education.* Available free from the CNAA, 344-354 Gray's Inn Road, London WC1X 8BP.

which had awarded the Council an additional grant of £500,000 to enable it to launch further projects. By the end of the present financial year, the Government would have trebled expenditure on design initiatives since 1982 to nearly £12 million.

Mr Butcher concluded by saying: 'Britain's industrial problems are largely due to a mismatch in our economy – that is, an economy which has until recently committed too many of its national human and capital resources to the production of goods for which demand is low or stagnant and not enough of such resources to the production of goods for which demand is high and growing. Our talented designers are the key link between market demands and a company's production facilities. As such, they are a key element – in my view, the key element – in leading our national industrial fight back.'

OPPOSITION VIEWS

The Labour Party spokesman on trade and industry, Mr Geoffrey Robinson, said that there was a credibility gap between what the Government said about the importance of design and its actions to improve design in Britain. Like any other service, good design needed customers, and the Government should be a major customer. It could influence and promote good design through an enlightened and benign public sector building programme. The continuation of Britain's proud heritage of outstanding intellectual achievement derived from unique research and development was being put at risk by the Government's policy of cutting expenditure on research.

Mr Robinson said that Britain required a sound basis of continuing and greater government support for industry. It needed the creative, positive use of government purchasing power to back British products and innovation; the provision of medium-term risk capital, working capital and capital for investment in plant, machinery and marketing at modest rates of interest; and a determined effort to switch the emphasis of government-funded research and development away from defence to civilian projects.

Speaking on behalf of the Social Democratic Party and the Liberal Party, Mr Ian Wrigglesworth argued that cuts in education and training had played a major part in the decline in Britain's share of world exports of manufactures.

NEW GOVERNMENT INITIATIVES

Mr Butcher announced two new government initiatives on 22 October aimed at increasing awareness of design in schools and among industrialists. Project UNCLE (Undertaking New Curriculum Links with Engineering) is directed at schools and will involve engineers and engineering designers working in classrooms, putting their industrial and commercial experience at the disposal of pupils. The Government is providing £15,500 to finance a pilot project in Hampshire and the Isle of Wight to test the idea. If the scheme worked well, Mr Butcher hoped that it would be expanded with strong industrial and commercial sponsorship. The second initiative relates to Industry Year, 1986 (see p 181, 1984): a special design commitment conference will be held in London in January 1986, to be attended by the heads of the top 70 British firms under the chairmanship of the Secretary of State for Trade and Industry, Mr Leon Brittan.

Shorter Notes

BRITISH SHIPBUILDERS

The Government accepted the broad thrust of British Shipbuilders' corporate plan for 1985-86 to 1988-89, the Minister of State for Industry, Mr Peter Morrison, announced in the House of Commons on 28 October. The strategy outlined in the plan was to continue to concentrate resources on stable, cost-effective, mainstream, merchant shipbuilding business. This approach had enabled the corporation to reduce its trading loss in 1984-85 to £25 million and to reach a new order target for merchant ships of some 200,000 compensated gross tonnes. After two years of major decline in new merchant orders secured – down 52 and 35 per cent respectively in 1982-83 and 1983-84 – British Shipbuilders' sales rose by 72 per cent in 1984-85 at a time when there was a fall in the global market of almost 25 per cent. The corporation recognised the importance of continuing to improve its performance so as to win new orders and operate effectively within the tight framework of government financial support. Although it had forecast in the plan that in 1985-86 it would obtain a similar level of new orders to the previous year, the corporation now believed that this was unlikely as conditions in the shipbuilding market had deteriorated of late.

British Shipbuilders would proceed with the privatisation of its warship-building yards, Mr Morrison said, with the aim of completing all sales by 31 March 1986 (see p 308, 1984).

Sources: *Hansard*, Vol 84, No 170, written answers, col 311; and *British business*, 1.11.85.

EFFECTS OF COMPULSORY WEARING OF SEAT BELTS

A substantial reduction in deaths and serious injuries among front-seat occupants of cars and light vans has occurred since seat-belt wearing became compulsory, according to a report issued by the Department of Transport on 16 October. To help Parliament in considering whether to make the regulations (which are due to expire at the end of January 1986) permanent, a major monitoring exercise has been conducted to assess the effects of seat-belt wearing in Great Britain since the implementation of the regulations at the end of January 1983 (see p 299, 1982). The Government decided that the statistical evidence should also be subject to independent scrutiny by expert assessors, and Professor James Durbin and Professor Andrew Harvey (both of the London School of Economics) were invited to undertake this task. Their report is attached to the Department's report.

Compliance with the regulations has been high, according to the monitoring exercise, and seat-belt wearing rates have been around 95 per cent, compared with nearly 40 per cent in 1982. In the first two years since the regulations took effect there were 12,700 fewer deaths and serious injuries among front-seat occupants of cars and light vans compared with the preceding two years, but 124 more deaths and serious injuries among rear-seat passengers. It is estimated that, after taking into account a number of other factors (such as the level of traffic), for front-seat occupants the number of fatal and serious casualties has fallen by about 7,000 a year (including about 470 fatalities a year) and the number of slight casualties by some 13,000 a year.[1] In the same two years the number of pedestrians and pedal cyclists killed or seriously injured as a result of being hit by a car or light van rose by 1,624, but it cannot be concluded that these increases were associated with compulsory seat-belt wearing. A study at a selected number of hospitals for a year before and a year after the introduction of the regulations found that there was a reduction of 15 per cent in the number of car occupant accident victims arriving at hospital and a fall of 25 per cent in those requiring admission to a hospital ward, together with a decline in most types of injuries.

In their analysis of the statistics the independent assessors also found substantial reductions in casualty rates among those directly affected by the regulations, while casualty rates for those groups (rear-seat occupants of cars, pedestrians and cyclists) not directly affected were not changed significantly as a result of the regulations. However, the analysis of deaths alone was more difficult to interpret and they found an increase in the number of deaths of rear-seat passengers in cars which could not be explained satisfactorily, while there was also some evidence, although inconclusive, of an increase in pedestrian and cyclist fatalities.

[1]The total number of road accident casualties in Great Britain in 1984 was 5,590 people killed, 73,000 seriously injured and 245,500 slightly injured.

The overall conclusion from the Department's monitoring and from the independent assessors is that there have been net reductions of over 200 deaths and about 7,000 serious injuries a year since 1982. In addition, there has been no significant rise in the number of serious injuries to pedestrians, pedal cyclists and rear-seat car passengers.

Source: *Compulsory Seat Belt Wearing: Report by the Department of Transport.* HMSO, £7·50. ISBN 0 11 550709 4.

TOURISM

The Government is to provide £150,000 towards covering the initial capital costs of the British Travel Centre, which is due to open in March 1986. The centre will be operated by the British Tourist Authority in partnership with British Rail and other commercial interests; it will have a key role in encouraging tourists to travel to destinations outside London.

A new voluntary system of classifying hotels, guest houses, and other types of serviced accommodation will shortly be introduced in England and Wales (see p 277), the English Tourist Board announced on 14 October. The main purpose of the new classifications, which have already been introduced in Scotland, is to help the British public and overseas visitors to select establishments that meet their individual needs and provide an assured standard of accommodation and service. Those establishments partaking in the scheme will be required to meet tourist board minimum standards and abide by tourist board codes of conduct.

Sources: Department of Employment press notice, 23.10.85; and *British business,* 18.10.85.

SOCIAL AND CULTURAL AFFAIRS

Shorter Notes

AGREEMENT WITH PAKISTAN ON DRUG MISUSE

The commitment of the Governments of Britain and Pakistan to further action to combat the problem of the unlawful production and trafficking in narcotic drugs was set out in a memorandum of understanding signed on 19 October during the visit of Mr David Mellor, Parliamentary Under Secretary of State at the Home Office, to Pakistan (see p 323). The British Government has undertaken to build on the assistance already provided by increasing its contribution via the United Nations Fund for Drug Abuse Control to the combined crop substitution, rural development and enforcement project designed to eradicate opium poppy cultivation in the Dir District of the North West Frontier Province; by providing Pakistan with technical equipment for the detection of drugs smuggled in mails; by continuing to provide training for customs officers engaged in work against drug trafficking; and by continuing to assist in the breeding and training of drug-detecting dogs. For its part the Government of Pakistan reaffirmed its determination to ensure the effective and speedy investigation, arrest and prosecution of persons who violate the laws on cultivation, production, trading or use of drugs. The two Governments support proposals for a new United Nations Convention against drug trafficking which should, in their view, include provision to enable states to prosecute drug traffickers for offences, wherever committed, or to extradite them.

Sources: *Hansard*, Vol 84, No 168, written answers, cols 224-5. Home Office press notice, 21.10.85.

ENGLISH HERITAGE

English Heritage (the Historic Buildings and Monuments Commission for England) has published its first annual report detailing its activities since it was launched in April 1984 under the National Heritage Act 1983 (see p 186, 1983) to take over most of the heritage functions previously belonging to the Department of the Environment. These include managing some 400 monuments and buildings, advising the Secretary of State for the Environment, and grant-aiding other conservation bodies and archaeological projects. The Commission's general duties require it to secure the preservation of ancient monuments and historic buildings, to promote the preservation and enhancement of conservation areas, and to promote the public's enjoyment of, and advance their knowledge of, ancient monuments and historic buildings in England and their preservation.[1]

Since its formation, English Heritage has announced, among other things, new and comprehensive proposals for enhancing the area around the Stonehenge monument in Wiltshire, including closing a nearby road and siting an improved visitor centre in the vicinity. New proposals have also been published for improvements at Maiden Castle in Dorset, and major improvement schemes are being developed for Dover, Kenilworth and Scarborough castles, Chiswick House in London and Battle Abbey in East Sussex. Three historic houses in London – Kenwood in Hampstead, the Ranger's House in Blackheath and Marble Hill House in Twickenham – will be managed by English Heritage after the abolition of the Greater London Council in April 1986 (see pp 5-6, 1985) although the Council's conservation teams will be kept in being and its Historic Buildings Division will be transferred to English Heritage.

In 1985 Bushmead Priory in Bedfordshire, Ravensdowne Barracks in Berwick upon Tweed, Northumberland, and Calshot Castle in Hampshire have been opened to the public, following extensive restoration programmes, and several more sites will open in 1986. Over 4 million people visited the monuments, and many pageants, plays and concerts were organised at them. The English Heritage membership scheme, which was launched in April 1984, has recruited over 40,000 members.

[1] In Wales, similar functions have since 1984 been undertaken by Cadw: Welsh Historic Monuments, an organisation directly answerable to the Secretary of State for Wales. The members of its steering committee include the chairmen of the Ancient Monuments Board for Wales and the Historic Buildings Council for Wales, both of which have been retained. Monuments in Scotland are under the care of the Historic Buildings and Monuments Directorate of the Scottish Development Department. In Northern Ireland the Department of the Environment for Northern Ireland has 154 historic monuments in its care; it has the advice of a Historic Buildings Council and a Historic Monuments Council.

In the financial year to 31 March 1985 £17·7 million was paid in grants for building conservation, including churches, secular buildings and environmental schemes in conservation areas. Some £5·5 million went to support over 300 rescue archaeology projects. The first phase has been completed of the Accelerated Listed Building Re-survey which began in 1982. There are now 360,000 listed buildings of all types. In 1984 historic gardens were listed for the first time on the publication of the first ten county sections of the Gardens Register. Scheduling vulnerable archaeological sites, to protect them from irreversible damage from developers, agriculture or metal-detector users, is to be accelerated, with the target of protecting about 60,000 such sites throughout England.

Source: *Historic Buildings and Monuments Commission for England: Report and Accounts 1984-85.* Obtainable from English Heritage Stores, Building I, Victoria Road, South Ruislip, Middlesex HA4 0NZ. £4.

DOCUMENTATION

Government and Administration

Northern Ireland Assembly. Third Report from the Devolution Report Committee. Endorses proposals for devolving powers to a Northern Ireland administration put forward as a basis for discussion by Sir Frederick Catherwood. HMSO Belfast, £1·75. ISBN 0 337 20366 0.

Making things happen: a report to the Prime Minister on the implementation of government efficiency scrutinies. Cabinet Office Efficiency Unit. HMSO, £3·50. ISBN 0 11 430009 7.

Supplement to Immigration into Britain: Notes on the Regulations and Procedures. COI, No 62/RP/83.

Implementing Crime Prevention Measures, by Tim Hope (Home Office Research Study No 86). The need for crime prevention measures involving the local community to be placed on a sound practical footing which takes into account the circumstances of the particular situation is the conclusion of the report which describes three case studies. These were concerned with the design of schools and their vulnerability to burglary; vandalism in schools; and disorderly behaviour in a city centre. HMSO, £5·60. ISBN 0 11 340812 9.

Bringing People Together: Mediation and Reparation Projects in Great Britain, by Tony F. Marshall and Martin E. Walpole (Home Office Research and Planning Unit Paper No 33). Surveys the variety of conciliation schemes now operating to settle disputes and make reparation for criminal offences. The purpose is to find solutions to conflict that bring people together rather than keep them apart. Such a process is seen as being of benefit to both parties and the community generally. Available unpriced from the Home Office, Queen Anne's Gate, London SW1H 9AT. ISBN 0 86252 219 6.

External Affairs and Defence

Statement on the 1985 Community Budget. HM Treasury. Provides details of the 1985 European Community Budget as adopted, the amended 1984 Budget and the outturn for 1982 and 1983. Britain's gross and net contributions are also given (£3,400 million and £1,200 million in 1985), the latter including the abatement agreed at Fontainebleau (see p 248, 1984). Cmnd 9633. HMSO, £2·25. ISBN 0 10 196330 0.

The Falkland Islands and South Georgia and the South Sandwich Islands. COI, No 152/85.

Economic and Scientific Affairs

Britain's Tax System. COI, No 217/85.

Money for Business: a guide prepared by the Bank of England and the City Communications Centre. Fifth Edition, 1985. Available from the City Communications Centre, 7th Floor, The Stock Exchange, London EC2N 1HP. £3. ISBN 0 903312 09 3.

British Invisible Exports Council. Annual Report 1984-85. Available free from the Council, 14 Austin Friars, London EC2N 2HE.

New Earnings Survey 1985. Part A: Streamlined Analyses and Key Analyses by Agreement. Department of Employment. HMSO. £8·50. ISBN 0 11 727737 1.

Health and Safety Commission Report 1984-85. HMSO, £7. ISBN 0 11 883839 3.

Manufacturing and Service Industries: 1984 Report. Health and Safety Executive. HMSO, £8·50. ISBN 0 11 883830 X.

Report from the House of Lords Select Committee on Overseas Trade. Session 1984-85. Examines the causes of the deficit in the balance of trade in manufactures of the United Kingdom and makes a variety of recommendations which the Committee considers would help to restore the balance and expand the capacity of manufacturing industry.

Vol I. Report. HMSO, £6·30. ISBN 0 10 496285 2.

Vol II. Oral Evidence. HMSO, £24·40. ISBN 0 10 496385 9.

Vol III. Written Evidence. HMSO, £15·70. ISBN 0 10 496485 5.

Industrial Development Board for Northern Ireland: Report and Accounts to 31 March 1985. Available unpriced from the Industrial Development Board for Northern Ireland, IDB House, 64 Chichester Street, Belfast BT1 4JX.

Science and Technology Report 1984-85 (see p 355). Available free from Ashdown House Library, Department of Trade and Industry, 123 Victoria Street, London SW1E 6RB.

Compulsory Seat Belt Wearing: Report by the Department of Transport (see p 358). HMSO, £7·50. ISBN 0 11 550709 4.

Manual of Nutrition. Ministry of Agriculture, Fisheries and Food. HMSO, £3·25. ISBN 0 11 242739 1.

Weights and Measures. Report by the Secretary of State for Trade and Industry. Covers major changes in legislation and policy affecting the operation of the Weights and Measures Act 1963 between January 1980 and December 1984. HMSO, £3·30. ISBN 0 10 259185 7.

Pesticides: Implementing Part III of the Food and Environment Protection Act 1985. A Consultative Document. Available free from the Ministry of Agriculture, Fisheries and Food, Pesticides Branch, Great Westminster House, Horseferry Road, London SW1P 2AE.

Social and Cultural Affairs

The Home Accident Surveillance System: Report of 1984 Data. Available from Consumer Safety Unit, Department of Trade and Industry, Millbank Tower, Millbank, London SW1P 4QU.

General Practice Computing: evaluation of the 'Micros for GPs' scheme. Final Report. Describes the effects of computerisation in 140 practices which installed computers in their surgeries under the scheme launched in 1982. HMSO, £6·85. ISBN 0 11 321044 2.

Technology and School Education: an HMI enquiry. A report of an inquiry carried out into the nature and extent of the technological work taught as part of the science courses in a sample of schools. HMSO, £2·25. ISBN 0 11 270574 X.

Mathematical Development. A Review of Monitoring in Mathematics 1978-1982. Part I. Assessment of Performance Unit. Examines the findings of five annual surveys of the performance of 11- to 15-year-old pupils over a wide range of mathematical tasks. Available unpriced from the Department of Education and Science, Elizabeth House, York Road, London SE1 7PH.

Historic Buildings and Monuments Commission for England. Report and Accounts 1984-85 (see p 360). Obtainable from English Heritage Stores, Building I, Victoria Road, South Ruislip, Middlesex HA4 0NZ. £4.

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